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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

SYSCO CORPORATION,

Petitioner,

v.

TONE BROTHERS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether an unrestricted and non-confidential survey to measure public acceptance of a novel product design can be deemed "experimental" so that the inventor need not file a patent application within one year of the survey to maintain patentability of the design.

2. Whether a clear plastic spice container that is identified by consumers with 18 different spice distributors and has been sold under more than 100 private labels by spice distributors can be legally protectable as a common law "trade dress."

LIST OF PARTIES

Respondent Tone Brothers, Inc. is a wholly owned subsidiary of Burns Philp & Company Limited.

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ON PETITION FOR A WRIT OF CERTIORARI
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PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

The opinion of the United States District Court for the Southern District of Iowa granting summary judgment for the defendant (Appendix A, pp. 1a-25a, *infra*) is reported at 23 U.S.P.Q. 2d 1184. The opinion of the United States Court of Appeals for the Federal Circuit reversing the District Court (Appendix B, pp. 26a-58a, *infra*) is reported at 28 F.3d 1192. The order denying rehearing and rehearing en banc, from which Chief Judge Archer and Circuit Judge Nies dissented (Appendix C, pp. 59a-60a, *infra*), is not reported.

JURISDICTION

The judgment of the United States Court of Appeals for the Federal Circuit was filed on July 7, 1994. A timely petition for rehearing and suggestion for rehearing en banc was denied on September 15, 1994. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

1. 15 U.S.C. § 1125(a) provides:

> (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> > (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
> >
> > (2) in commercial advertising or promotion, misrepresents the nature,

> characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

2. 35 U.S.C. § 102(b) provides, in pertinent part:

> A person shall be entitled to a patent unless— . . .
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.

3. 35 U.S.C. § 171 provides:

> Whoever invents any new, original or ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.
>
> The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

4. 35 U.S.C. § 173 provides:

> Patents for designs shall be granted for the term of fourteen years.

STATEMENT

1. Introduction

This case concerns a design patent and common law trade dress rights claimed for a clear plastic one-pound spice bottle used since 1982 to sell spices manufactured by the respondent ("Tone"). (A photograph of the plastic bottle in question appears on the facing page.) Petitioner ("Sysco") is a wholesale distributor of products in the food service industry. Between 1985 and 1988, Sysco purchased spices in Tone's bottle and sold those spices under Sysco's own label. By 1988, Tone's one-pound spice bottle had been sold bearing more than 100 different private labels in addition to Sysco's. In 1988, Sysco began to market spices in a new plastic bottle which was designed for Sysco by Landor and Associates, a well known independent design consultant firm with international clientele. Tone filed an action in the Southern District of Iowa claiming that the Sysco bottle infringed its design patent and violated its common law trade dress rights.

The district judge granted summary judgment for Sysco on the ground that Tone had lost any right to a design patent because it failed to file for a patent for more than one year after making its bottle available in 1981 to a group of college students who were asked to give their reactions to the new design. The district judge also concluded on a motion for summary judgment that Tone had no trade dress rights in the bottle design because purchasers of the product did not associate the bottle with a single source.

The decision of the Federal Circuit panel reversing these conclusions creates substantial uncertainty in the design patent and trade dress fields. The decision also effectively

DEFENDANT'S
EXHIBIT

overrules a leading precedent regarding design patents that had approved the rule applied to alleged "experimental" design uses by the United States Patent and Trademark Office.

2. Tone's Business

Tone is in the business of manufacturing and selling spices in the institutional food service channel. Before 1982, Tone's products were sold in tin packages and opaque plastic containers (App. 139-140). [1] Since September 1982, Tone has been distributing its spices in the clear plastic bottle that is the subject of this lawsuit.

Tone's sales have largely been to wholesale private-label distributors like Sysco. Between 1982 and 1988 approximately 100 such distributors sold Tone's spices under 100 different private labels, using Tone's plastic bottle (App. 108-109). These private label distributors accounted for about 90 percent of Tone's total sales (App. 108-109). During this time, Tone tried unsuccessfully to sell its spices under Tone's own label in the food service market (App. 107). Sysco sold spices in the Tone bottle under Sysco's private label, pursuant to an arrangement with Tone, between 1985 and March 1988 (App. 14).

3. Tone's Plastic Bottle

Certain undisputed facts regarding the marketing of Tone's plastic bottle were presented in Sysco's motion for summary judgment. The proof established that in May 1981, Tone had disseminated its newly designed clear plastic bottle to ten randomly selected home economics students as part of

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[1] "App. ____" represents the Joint Appendix filed in the Court of Appeals for the Federal Circuit.

a "market research" survey conducted by a marketing consultant retained by Tone (App. 128-145, 177-184). The marketing consultant conducting the survey elicited from the students their views on the container's feel and comfort (App. 128-133, 346-347).

In September 1982 Tone began marketing its spices in the clear plastic bottle. Tone also filed an application for a design patent on the plastic bottle (App. 60-68). The market research done on the bottle in May 1981 was not disclosed to the Patent and Trademark Office in the application for a patent. The inventors signed a declaration swearing that the design had not been in public use more than one year earlier than the filing date (App. 64).

The new Tone container was distributed in the food service market under at least 100 different private labels, and the Tone container bore no source indicia other than that of the private-label distributor for one to two years after its introduction in 1982 (App. 84-85). Thereafter, the container also bore Tone's registered trademarks and the name "Tone Brothers, Inc." to indicate that Tone was the manufacturer (App. 84).

A patent for the bottle design was issued on January 29, 1985 (App. 55-57). Tone thereafter displayed the patent number and a small imprint of its leaf symbol on the bottom of the bottle (App. 14). Tone continued to place Sysco's private label on the Tone container until March 1988, when the private-label arrangement ended. Sysco subsequently began using its own new clear plastic Sysco-labeled container to distribute spice products (App. 16). The Sysco bottle was developed by Landor and Associates, a market consulting firm that had access to the Tone bottle and to the bottles of other spice industry competitors (App. 239-240, 292-294, 582).

Sysco has always prominently placed its brand label on all spice bottles distributed by Sysco regardless of shape or source (App. 409).

4. Tone's Lawsuit

Tone instituted this action in the United States District Court for the District of Iowa to stop Sysco from using Sysco's plastic container. Tone claimed that the plastic container used by Sysco infringed upon (1) Tone's design patent and (2) common law "trade dress" rights in the Tone bottle (App. 2).

Relying on Federal Circuit precedent, the district court concluded that Tone's release of the bottle to the public for market research purposes constituted a "public use" more than one year before submission of the design patent application. Such use, the court found, rendered the bottle design unpatentable under 35 U.S.C. § 102(b).

The district court also concluded that Tone had not met its burden to prove trade dress infringement because the evidence failed to establish either (1) that consumers identified the plastic bottle with a single source or (2) that the plastic bottle design was inherently distinctive. The district court thereupon granted summary judgment for Sysco.

5. The Federal Circuit Decision

On appeal, a panel of the Federal Circuit concluded that in distributing the plastic bottle to the students, Tone was engaged only in "experimental use" that preserved the product's patentability. The panel also concluded that the answers to the first question in a judicially approved *two* question marketing survey supported a finding of secondary

meaning. Accordingly, the panel reversed the entry of summary judgment. On petition for rehearing and suggestion for rehearing en banc, the Chief Judge and the most senior active judge of the Federal Circuit voted to rehear the case en banc.

REASONS FOR GRANTING THE WRIT

I

THE DECISION BELOW CONFLICTS WITH DESIGN PATENT PRECEDENT OF THE FEDERAL CIRCUIT AND WITH THE POLICY OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

The Chief Judge and the most senior Circuit Judge of the Federal Circuit voted for rehearing en banc because they doubtless recognized that this ruling by a panel of the Federal Circuit creates substantial uncertainty in the established law governing design patents. For the first time, the Federal Circuit — which has exclusive jurisdiction over patent appeals — has held that unrestricted use of a new design by persons other than the inventor may be "experimental" and therefore fail to qualify as a "public use" under 35 U.S.C. § 102(b). This holding conflicts with a leading decision of the Federal Circuit (*In re Mann*, 861 F.2d 1581 (Fed. Cir. 1988)), which upheld the Patent and Trademark Office's rejection of an ornamental design patent for a product that had been exhibited to the public allegedly for "experimental" purposes. Permitting "experimental" testing of new designs without requiring prompt application for a design patent conflicts with the legal theory underlying design patent protection and unjustifiably expands the meaning of the term "experimental" to include marketing surveys.

A. The Requirement To File a Patent Application Promptly After Public Use

In order to encourage inventors to apply promptly for patents on new inventions that the inventors have disclosed to others, the patent laws have traditionally disqualified from patent protection any invention that was in "public use" for a substantial period of time before the application for a patent was filed. Currently, 35 U.S.C. § 102(b) renders unpatentable any invention "in public use . . . more than one year prior to the date of the application for patent in the United States." The term "public use" has been broadly defined by this Court, which said in a landmark decision that virtually *any* unrestricted disclosure and use by someone other than the inventor constitutes "public use." In *Egbert v. Lippmann*, 104 U.S. 333, 336 (1881), this Court said:

> If an inventor, having made his device, gives or sells it to another, to be used by the donee or vendee, without limitation or restriction, or injunction of secrecy, and it is so used, such use is public, within the meaning of the statute, even though the use and knowledge of the use may be confined to one person.

This broad meaning of the term "public use" has been consistently applied by this Court and lower federal courts for the past century. *See, e.g, Kock v. Quaker Oats Co.*, 681 F.2d 649, 655-656 n. 4 (9th Cir. 1982), *cert. denied*, 459 U.S. 1147 (1983); *Watson v. Allen*, 254 F.2d 342, 345 (D.C. Cir. 1958).

B. The "Experimental Use" Exception

Although the language of the patent laws has never explicitly exempted "experimental use" from this statutory "public use" doctrine, this Court carved out a judicially created exception in *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126, 134-137 (1878). [2] The "public use" rule was held inapplicable in *City of Elizabeth* to a newly invented pavement that had been constructed for experimental purposes on a public road six years before filing of the patent application. The Court ruled that "public use" does not include "use of an invention by the inventor himself, or of any other person under his direction, by way of experiment, and in order to bring the invention to perfection." 97 U.S. at 134. The Court determined that an inventor should not forfeit patentability if he discloses his invention "to test the machine and ascertain whether it will answer the purpose intended, and make such alterations and improvements as experience demonstrates to be necessary." 97 U.S. at 135.

This very limited rationale for an "experimental use" exception was reaffirmed in *Smith & Griggs Mfg. Co. v. Sprague*, 123 U.S. 249, 257 (1887), where the Court held that "the use of an invention by the inventor himself, or by another person under his direction, by way of experiment, and in order to bring the invention to perfection, has never been regarded in this court as such a public use as under the statute defeats his right to a patent." *See also In re Hamilton*, 882 F.2d 1576, 1581 (Fed. Cir. 1989); *Grain Processing Corp. v.*

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[2] The Federal Circuit has held that the "experimental" nature of a use is one factor to be considered under a "totality of the circumstances" test for determining whether there has been a "public use" under 35 U.S.C. § 102(b). *See TP Labs., Inc. v. Professional Positioners, Inc.*, 724 F.2d 965 (Fed. Cir.), *cert. denied*, 469 U.S. 826 (1984).

American Maize-Products, Co., 840 F.2d 902, 906 (Fed. Cir. 1988).

C. Inapplicability to Marketing Surveys

Marketing surveys, on the other hand, are not "experimental uses." More than a century ago, the Court of Appeals for the Eighth Circuit distinguished between tests "for the purpose of discovering defects and perfecting the invention" and "a testing of the market . . . to see how the article will sell." *Smith & Davis Mfg. Co. v. Mellon*, 58 F. 705, 707 (8th Cir. 1893). The Federal Circuit acknowledged this distinction in *In re Smith*, 714 F.2d 1127, 1135 (Fed. Cir. 1983), when it said:

> The experimental use exception, however, does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention. The purpose of such activities is commercial exploitation and not experimentation.

D. Public Use of a New Design Cannot Be "Experimental"

(1) **The reasoning** — Until the decision of the panel below, it was assumed that there could be no "experimental use" of a new ornamental design. By its very nature, a new design is complete when the article that bears that design is disclosed to the public. There can be no true "experimentation" with a design to determine whether "it will answer the purpose intended" within the meaning of the *City of Elizabeth* decision. The *only* purpose of exhibiting or distributing the ornamental design to anyone else is to determine the marketability of the design.

(2) **Policy and precedent** — The United States Patent and Trademark Office rejected a claim that there had been experimental use of a new ornamental design, and its position was upheld in a leading decision of the Federal Circuit in *In re Mann*, 861 F.2d 1581 (Fed. Cir. 1988). The *Mann* case involved even more limited public dissemination of a new design than is presented by this case. It concerned a table that had been displayed *for one day* at a trade show more than one year before the patent application was submitted. The patent application was then denied by the Patent and Trademark Office on the ground that the display was a "public use" within the meaning of 35 U.S.C. § 102(b). The Federal Circuit sustained the rejection of the patent application, noting that the display could not have been "experimental" because "[t]he only use possible for an ornamental design is its embodiment, exhibition, and observation." 861 F.2d at 1581. The court went on to say (861 F.2d at 1582 (emphases in original)):

> We see no way in which an ornamental design *for* an article of manufacture can be subject to the "experimental use" exception applicable in the case of functioning machines, manufactures, or processes. Obtaining the reactions of people to a design — whether or not they like it — is not "experimentation" in that sense. In the case of a design, if market testing shows that it has no appeal and the design is *changed*, the result is a new and different design; the original design remains just what it was. Design patents have almost no scope. The claim at bar, as in all design

cases, is limited to what is shown in the application drawings. [3]

E. The Consequences of This Decision

The panel of the Federal Circuit in this case did not acknowledge how unprecedented its decision was. While accepting the precedential effect of the *Mann* decision and quoting from that opinion, the panel asserted that the marketing survey performed in 1981 was designed to test "the functional features of the design on the typical functioning of a spice container" (pp. 37a-38a, *infra*). It then held "that experimentation directed to functional features of a product also containing an ornamental design may negate what otherwise would be considered a public use within the meaning of section 102(b)." *Id.*

This holding by a panel of the Federal Circuit disregards the fact that, as a matter of law, the functional features of Tone's spice containers could not be claimed in Tone's design patent. *See Power Controls Corp. v.*

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[3] In its *Mann* decision, the Federal Circuit distinguished the only instance we have found in which a federal appellate court concluded that display of an ornamental design to others more than one year before the patent application was filed did not bar patentability. In *International Silver Co. v. Pomerantz*, 271 F.2d 69, 72 (2d Cir. 1959), the Second Circuit upheld an ornamental design patent for spoons or other flatware. It held that a survey in which photographs of the design were shown to 100 people did not amount to a "public use" of the design. The Second Circuit did not, however, invoke the "experimental use" exception. It simply held that exhibiting the photographs for purposes of the survey did not constitute "use" of the new design. And, in any event, the Federal Circuit — which now is the sole federal appellate authority in patent cases — said in its *Mann* decision that the Second Circuit's ruling "is not a binding precedent on this court." 861 F.2d at 1582.

Hybrinetics, Inc., 806 F.2d 234, 238 (Fed. Cir. 1986), and *Avia Group, Intern., v. L.A. Gear, Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988). The doctrine of experimental use cannot apply to unclaimed functional features of a design because, by definition, "experiments" directed to any such functional features are not directed to the invention *claimed* in a design patent. *See In re Brigance,* 792 F.2d 1103 (Fed. Cir. 1986). Consequently, the *claimed* features of Tone's bottle design were fully disclosed and in "public use" when the container was shown to the college students in 1981 to test the ornamental and functional features of the container.

The panel attempted to distinguish between "functional" and "ornamental" features of a new design, but its distinction is simply unworkable. When the students testing the Tone containers were asked to report subjectively how the containers "felt" and which they "liked" (p. 34a, *infra*), they were evaluating the marketability of the bottle's design as well as its function. If the survey had generated negative reactions and Tone had altered the design of its bottle, the one-year grace period would have begun anew for its modified design. The Federal Circuit noted in *Mann* that design patents "have almost no scope." Hence the only design patent that would be forfeited by public use without a timely patent application would be the precise design that was rejected in the survey. Even if it were legally possible, no policy of the patent laws would be served by permitting the inventor of a new design to experiment with the "functional" features of that design by dissemination to the public before applying for a patent.

F. What Are the Views of the Solicitor General?

Since the decision below conflicts with both *Mann* and *Brigance* and with the policy applied by the United States Patent and Trademark Office, the Court should request the views of the Solicitor General on the validity and importance of the Federal Circuit's decision. Applying the standards used in the *Mann* and *Brigance* decisions, Tone would have been denied a design patent by the Patent Office had the patent examiner known of the 1981 student survey. Sysco and others in a similar position should not be subjected to extended patent infringement lawsuits with respect to inventions for which a design patent should never have issued.

II

THE DECISION BELOW CONFLICTS WITH TRADE DRESS LAW IN THE EIGHTH CIRCUIT AND CREATES ANOMALOUS CONSEQUENCES UNDER THIS COURT'S RECENT *TWO PESOS* DECISION

The decision of the Federal Circuit panel on the common law trade dress issues of this case will also generate uncertainty because the decision conflicts with a recent decision of the Eighth Circuit and, if applied together with this Court's recent ruling in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, *reh'g denied*, 113 S. Ct. 20 (1992), it creates an anomaly in the law.

A. Proof of Secondary Meaning

Tone presented no evidence that consumers associated its plastic bottle with a single source or with Tone specifically.

Instead, Tone and the court below relied on a trade dress consumer survey commissioned by Sysco to comply with judicially approved guidelines. *Compare In re Jockey Int'l, Inc.*, 192 U.S.P.Q. 579 (TTAB 1976); *see also Textron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019, 1023 (Fed. Cir. 1985). The first two questions in the survey asked (1) whether consumers associated Tone's plastic bottle with a specific brand or company and (2) the name of the specific source. Although 37 percent of the respondents answered "yes" to the first question, only 2 percent named Tone as the source. Three percent named Sysco, seven percent did not know the source, and the remainder named 17 other, different sources.

The Federal Circuit panel held that those survey results created a "genuine issue of material fact — whether there is an association in the mind of the consumer between the container's shape and appearance and a single source for the spices contained therein, as a separate indication from that of the private labels" (pp. 50a-51a, *infra*). In fact, the survey results demonstrate the contrary. The responses to *both* of the two questions establish convincingly that the plastic bottle design is not associated, in the minds of consumers, with any *single* source. A 37 percent affirmative response to the survey's first question might be sufficient to prove secondary meaning if the 37 percent agreed that there was a *single* source, even if that single source was anonymous. But if the container is identified with 18 different distributors, the container plainly has not achieved the distinctive association needed for a finding of secondary meaning.

B. Conflict With the Eighth Circuit

The decision of the Federal Circuit panel also conflicts with the recent ruling of the Court of Appeals for the Eighth

Circuit in *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th Cir. 1994). In *Aromatique*, the Eighth Circuit carefully examined whether Aromatique's alleged trade dress had acquired secondary meaning. The Eighth Circuit recognized that the chief inquiry was "'whether in the consumer's mind the mark has become associated with a particular source.'" 28 F.3d at 871 (quoting *Co-Rect Prods., Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1332-33 (8th Cir. 1985)).

Like Tone, Aromatique had failed to produce any direct evidence that the packaging of its product had acquired secondary meaning. Instead, Aromatique relied on an inference of secondary meaning derived from circumstantial evidence — evidence that was very similar to Tone's. The Eighth Circuit rejected Aromatique's circumstantial evidence of secondary meaning, relying heavily on the fact that both parties conspicuously labeled their products with their own separate trademarks. 28 F.3d at 870-873.

By placing their own proprietary trademarks on their respective bottles, both Sysco and Tone clearly announced to the public the source of their respective bottles. When a food service operator sees Sysco's bottle, which clearly bears the Sysco name in large letters repeatedly at the top of the label (App. 407), that label informs the user or purchaser that the bottle came from Sysco. Similarly, when a user or purchaser sees Tone's label and Tone's proprietary marks on a bottle, the label and marks inform the user or purchaser that the bottle came from Tone. Moreover, under *Aromatique*, the fact that both parties clearly labeled their respective bottles precludes a finding that the bottle *per se* has secondary meaning as a matter of law. *See also Conopco, Inc. v. May Dept. Stores Co.*, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

Tone may argue that Tone's bottle, alone, indicates that the spice in the bottle originates from Tone. However, after Tone's bottle had been on the market for one or two years, Tone began requiring its private label customers to place other Tone proprietary marks on the bottle. Had Tone's bottle alone indicated that Tone was the manufacturing source, Tone would have had no reason to place other Tone proprietary marks on the bottle.

C. The Anomaly

This case highlights the anomaly presented by application of this Court's recent decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753 (1992), to the holder of a design patent who also claims that his design is entitled to trade dress protection. A design patent is limited in duration to a fourteen-year term (35 U.S.C. § 171), but trade dress rights can be perpetual.

If this Court's ruling in *Two Pesos* is now applied to a design for which a patent has been issued, the limited term of years recognized by the patent laws is effectively circumvented. The Court held in *Two Pesos* that secondary meaning need not be proved to establish common law rights enforceable under the Lanham Act for any "inherently distinctive" trade dress. By definition, the holder of a design patent has established that his design is "inherently distinctive." Consequently, the design patentee would be able to obtain perpetual trade dress rights in his design even though the patent laws grant him only a fourteen-year term to prevent use of that design by others.

This anomaly can be resolved by a ruling that bars any holder of a design patent whose product has not achieved secondary meaning from enforcing common law trade dress

rights in the design. Although the district court did not consider or decide this issue because the *Two Pesos* decision was rendered after the district court's ruling, the inconsistency between the design patent laws and the Lanham Act warrants clarification and resolution by this Court.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

TONE BROTHERS, INC.,	)	
	)	
Plaintiff,	)	
	)	NO.4:90-CV-60011
vs.	)	
	)	RULING AND ORDER
SYSCO CORPORATION,	)	
	)	
Defendant.	)	

This case involves claims of design patent and trademark infringements of a Tone Brothers patented spice container by the defendant Sysco Corporation. Sysco has moved for summary judgment on the following grounds:

(I) The design patent involved here is invalid under 35 U.S.C. § 102(b) because the design was publicly exhibited more than one year before the application for the patent was made.

(II) Even if the design patent is valid, the Sysco container did not infringe upon the patent because an ordinary observer is able to distinguish the patented container from the accused container.

(III) The patented container cannot serve as a trademark because it can have no secondary meaning as it cannot be identified as coming from a single source. Tone permitted over one hundred different entities to use their names on the labels affixed to the patented container.

(IV) The patent is invalid because its shape is primarily functional rather than ornamental. The shape of the container cannot function as a trademark because it is de jure functional.

(V) Sysco is entitled to partial summary judgment because 35 U.S.C. § 289 does not permit plaintiff to recover defendant's profits from the sale of spices. Only defendant's profits on the empty bottles are recoverable under § 289.

Each ground will be discussed in order.

Summary judgment is appropriate where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. Proc. 56(c). An issue of material fact is genuine if it has real basis in the record. *See, Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986). A genuine issue of fact is material if it "might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

Procedurally, the movant has the initial responsibility of informing the district court of the basis for its motion and identifying those portions of the record which show a lack of genuine issue. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). The movant is not required by the rules to support its motion with affidavits or other similar materials *negating* the opponent's claim. *Id.*

"When the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show there is some metaphysical doubt as to the material facts." *Matsushita*, 475 U.S. at 586. "Where the record as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no 'genuine issue for trial.'" *Id.* at 587. "[T]he plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex*, 417 U.S. at 322.

In ruling on a motion for summary judgment, the court must bear in mind the actual quantum and quality of proof necessary to support liability under the applicable law. *Anderson*, 477 U.S. at 254. The court must assess the adequacy of nonmovants' response and whether that showing, on admissible evidence, would be sufficient to carry the burden of proof at trial. *See Celotex*, 477 U.S. at 322; S. Childress, A New Era for Summary Judgments: Recent Shifts at the Supreme Court, 116 F.R.D. 183, 188 (1987). As stated in *Celotex*, summary judgment procedure "is properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed to secure the just, speedy and inexpensive determination of every action." *Id.* at 327.

I.

Public Use

The pertinent parts of 35 U.S.C. § 102(b) provide:

> A person shall be entitled to a patent unless ——
>
> (b) the invention was * * * in public use * * * more than one year prior to the date of the application for patent in the United States ***.

In *In re Smith*, 714 F.2d 1127, 1134 (Fed. Cir. 1983), the Federal Circuit stated its position on public use issues, as follows:

> "Public use" of a claimed invention under section 102(b) has been defined as any use of that invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor [Citations omitted.] Such use, however, has been held not to be a statutory bar to patentability if the use was primarily for bona fide experimental purposes [Block quotation omitted]. The experiment to improve and perfect the invention must be the real purpose in such public use and not merely incidental and subsidiary. [Citations omitted.]
>
> The experimental use exception, however, does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention. The purpose of such activities is commercial exploitation and not experimentation. [Citations omitted.]

> Where, as here, the inventor made the allegedly public use, he has the burden of going forward with convincing evidence that the public use activities fall within the experimental use exception. [Citations omitted.]

The party asserting the public use bar must prove the existence of the bar by clear and convincing evidence. *Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 549 (Fed. Cir. 1990). Once a prima facie case of public use before the critical date has been made, the patent owner must come forward with clear and convincing evidence to counter that showing. *U.S. Environmental Prods., Inc. v. Westall*, 911 F.2d 713, 716 (Fed. Cir. 1990); *Hycor Corp. v. Schlueter Co.*, 740 F.2d 1529, 1535 (Fed. Cir. 1984).

The undisputed facts show that more than a year before Tone filed its application for design patent 277,363 (363), Tone's president and Engle, its vice-president of marketing and sales, gave James B. Degen a prototype of the plastic container 363, a spice bottle which would hold approximately one pound of ground pepper. Degen exhibited 363 to ten randomly selected home economics students at Mudelein College to get some feedback from people that might be using it. Degen did not recall telling the students they were not to tell anybody what they had seen or heard. He testified it is possible he told them not to tell anybody. He testified further that given the circumstances he would be surprised "to say to them, 'this is top secret. Don't go out and tell anybody about it.'"

Degen testified there may have been some changes in the prototype after the test that he did not know about.

Tone argues that there are significant factual issues surrounding the Degen test. It claims there is a factual issue as to whether he told the students not to tell anyone. The record is devoid of any evidence that would lead a rational trier of fact to find that Degen had placed any restrictions on the ten participating students.

Tone argued orally that there was a factual question as to whether the prototype of 363 used in the test was the form that was patented. Degen's testimony is that the shape is the same. The record is again devoid of any evidence of significant changes in the shape of 363. Fahnstrom, Tone's expert, testified by deposition that minor changes were made in the dimensions, consisting of a slight angle change and a 1/8 inch change in the height of the bottle. Degen did not observe any differences between 363 and the prototype he tested. In any event, there is no question that the prototype embodied the patented design in all its essential aspects. The public use bar may apply under such circumstances. *See, e.g.*, *General Elec. Co. v. United States*, 654 F.2d 55, 58 (Ct. Cl. 1981) (per curiam) ("exact identity between what was sold and what is claimed is not required").

Tone also argues that the presumption of the validity of a patent codified in 35 U.S.C. § 282 is persuasive opposition to a summary judgment motion. The presumption is rebuttable and the strength of the presumption in part depends upon the nature and extent of administrative consideration. *See Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1467 (Fed. Cir. 1990) (burden is greater where examiner considered issue), and cases cited at 35 U.S.C.A. § 282 nn. 407-09 (West 1984 & Supp. 1991). When defenses relied upon were not known to or considered by the Patent and Trademark Office, the presumption of validity is greatly weakened. *Maibohm v. RCA Victor Co.*, 89

F.2d 317, 321 (4th Cir. 1937). Where the defense is public use more than a year prior to the patent application, it is highly unlikely that the patent office considered this issue at all. In any event, the presumption is not sufficient to raise a factual issue in this case. *See Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1562 (Fed. Cir. 1988) ("the presumption is one of law, not fact, and does not constitute 'evidence' to be weighed against a challenger's evidence").

Tone's argument, at most, raises the mere possibility of factual dispute on the points it makes. Tone has failed to come forward with convincing evidence that the alleged public use activity falls within the experimental use "exception". This was a marketing test to gauge consumer response. The evidence in the record does not raise a genuine issue of material fact.

Therefore, the issue before the court on this summary judgment motion is whether the undisputed material facts here are sufficient to establish as a matter of law that 363 was subjected to "public use" more than a year before the patent application was filed.

Tone argues that Degen's test did not constitute public use. It relies on *International Silver Co. v. Pomerantz*, 271 F.2d 69 (2d Cir. 1959). There, to make a preliminary test of its "Flair" design of flatware, the inventor caused its advertising agency to show photographs of the flatware to about 100 persons selected as representatives of the purchasing public. Possession of the photographs was retained by the inventor and no sales were made. The Court said:

> We fully agree with the judge below that the mere exhibition of the "Flair" photograph for the purposes of the survey did not constitute

> "use" of the design by the public or even those members of the public to whom it was exhibited.

Id. at 72. The test here was more restricted than that in *International Silver*, and if that case is controlling, the defense of public use has not been established.

However, since that case, the Court of Appeals for the Federal Circuit has been created and given exclusive jurisdiction over patent appeals. 28 U.S.C. § 1295(a)(3). It has adopted as binding precedents only the holdings of the U.S. Court of Claims and the U.S. Court of Customs and Patent Appeals announced before September 30, 1982. *South Corp. v. United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982).

In 1988 the Federal Circuit considered the public use issue in a design patent case. In *In re Mann*, 861 F.2d 1581 (Fed. Cir. 1988), a design patent for a wrought iron table was rejected and the designer appealed. Over a year before the patent application, a table embodying the design was displayed at a trade show in the United States. The court said:

> We find no merit in appellant's arguments that the design was not "in public use" because "the table was not used in its natural an intended way" because it was "merely on display," that display at the trade show was not a public use, and that the showing of the table embodying the design was "experimental." The only use possible for an ornamental design is its embodiment, exhibition, and observation.

Id. at 1581.

The court distinguished *International Silver* because it involved a display to only 100 agency-selected persons in a closely controlled survey, but the Federal Circuit went on to say that "[i]n any event, the case is not a binding precedent on this court." *Id.* at 1582.

The whole *Mann* opinion is only about one page long. It was issued as an unpublished opinion October 11, 1988 and reissued as a published opinion November 23, 1988. In my opinion the key paragraph is the last one. Although that paragraph has been considered dictum by some scholars, I would classify that paragraph as an alternate decision —— one intended to give guidance to the courts on the Federal Circuit's future course in the treatment of design patents. The court said:

> We see no way in which an ornamental design *for* an article of manufacture can be subject to the "experimental use" exception applicable in the case of functioning machines, manufacturers, or processes. Obtaining the reactions of people to a design——whether or not they like it——is not "experimentation" in that sense. In the case of a design, if market testing shows that it has no appeal and the design is *changed*, the result is a new and different design; the original design remains just what it was. Design patents have almost no scope. The claim at bar, as in all design cases, is limited to what is shown in the application drawings.

Id. (emphasis in original).

That case and *In re Smith*, *supra*, which holds that a public use under 35 U.S.C. § 102(b) is any use of that invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor, convinces the court (1) that Sysco has made a prima facie showing of public use by clear, convincing, and undisputed evidence, and (2) that Tone has not come forward with clear, convincing, and admissible evidence sufficient to counter that showing at trial. Patent 363 is invalid because of public use more than one year prior to the patent application.

II.

Infringement

In order to aid appellate review, the court addresses Sysco's alternate ground for summary judgment on the patent claim. The test for determining patent infringement is stated in *Gorham Company v. White*, 81 U.S. (14 Wall.) 511, 528 (1871):

> [I]f in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

In addition to overall similarity of designs, "the accused device must appropriate the novelty in the patented device which distinguishes it from prior art." *Lund Indus., Inc. v. Go Indus., Inc.*, 938 F.2d 1273, 1276 (Fed. Cir. 1991); *Avia Group*, 853 F.2d at 1565.

A proper infringement analysis requires comparison of the accused design to the patent claims. *Lund Indus.*, 938 F.2d at 1275. It is of no importance that Tone obtained patents on designs similar to the one at issue. *See Sanson Hosiery Mills, Inc. v. Warren Knitting Mills*, 202 F.2d 395, 397 (3d Cir. 1953). Accordingly, the scope of the patent is limited only by its terms and not by subsequent patents obtained by Tone.

It is true that design patents have almost no scope. *In re Mann*, 861 F.2d at 1582. Nonetheless, the court has determined that genuine factual issues exist, particularly regarding the attention a purchaser usually gives and the similarity of the two designs in the eye of the ordinary beholder. Therefore, the entry of summary judgment on the patent count is not supported by the alternate ground of noninfringement as a matter of law.

III.

Secondary Meaning

In Count II of the complaint, Tone alleges that Sysco is liable for trademark infringement under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and under state law. The holdings of the Eighth Circuit control on the issues arising under the trademark count. *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 909 (Fed. Cir. 1984). A cause of action under § 1125(a) addresses three elements: functionality, secondary meaning, and likelihood of confusion. *See Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1217-1221 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976). Sysco moves for summary judgment based on lack of secondary meaning. The Eighth Circuit, in affirming the

grant of summary judgment in a trade dress infringement action, recently stated as follows:

> Summary judgment correctly results from the application of substantive law to facts established beyond reasonable controversy. In unfair competition cases, the dispute between the parties usually "centers on the interpretation to be given to the facts——not the facts themselves or the inferences that can be drawn from the facts." Burton, D., "Summary Judgment in Trademark Cases," 75 Trademarks Rptr. 497, 498-99 (1985). Summary judgment disposition is proper in such an instance.

Woodsmith Pub. Co. v. Meredith Corp., 904 F.2d 1244, 1247 (8th Cir. 1990).

"Secondary meaning" is established when a name, mark, or symbol by long and exclusive use and advertising by one person in the sale of goods becomes so associated in the public mind with such goods that it serves to identify them and distinguish them from the goods of others. *Fruehauf*, 536 F.2d at 1219. "Secondary meaning is an association formed in the minds of consumers between the mark and the source of origin of the product." *Co-Rect Prod., Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1330 (8th Cir. 1985). The ultimate inquiry is whether in the consumer's mind the mark denotes a single thing coming from a single source. Id.

A bottle or container may acquire a "secondary meaning" and serve as a trademark. *See In re Morton—Norwich Prod., Inc.*, 671 F.2d 1332, 1336 (C.C.P.A. 1982). *See, e.g., First Brands Corp. v. Fred*

Meyer, Inc., 809 F.2d 1378, 1383, 87 A.L.R. Fed 1, 11 (9th Cir. 1987) (antifreeze jug); *Keebler Corp. v. Rovira Biscuit Corp.*, 624 F.2d 366, 376-78 (1st Cir. 1980) (cracker tin). Tone bears the burden of proof at trial on the issue of whether its spice bottle is associated with a single source. *Co—Rect Prod.*, 789 F.2d at 1330. Tone must also show "that secondary meaning existed prior to the date on which the defendant commenced using the same or similar mark." Id. *See also Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978). Courts consider a number of factors in examining secondary meaning. *See* David E. Rigney, Annot., *Application of Secondary Meaning Test in Action for Trade Dress Infringement Under § 43(a) of Lanham Act (15 USCS § 1125 (1(a))*, 87 A.L.R. Fed. 15 (1988).

The following facts are either undisputed or represent the plaintiff's version where its showing, on admissible evidence, would be sufficient to carry the burden of proof at trial. Tone was just introducing its new container when Frederick C. Cruger joined Tone in September 1982 (Cruger depo. p. 13.) Tone sold spices in the 363 container primarily in what is known as the food service channel. (Cruger depo. p. 18.) The relevant consumers are operators of institutional food services.

Approximately ninety percent of Tone's sales in the food service channel were made under private labels. (Cruger depo. p. 18.) Tone had no luck selling to food service distributors under the Tone label. (Cruger depo. p. 208.) Accordingly, Tone allowed distributors to sell Tone spices in the Tone container under the distributor's private label. Distributors using the Tone container with their labels attached included Sysco, Code, Nugget, IHF, NIFDA, and Kraft. (Patterson depo. p. 22, 31; Cruger depo. p. 271.) Some time ago, an audit showed that thirty-four private labelers used the

Tone container. (Cruger depo. p. 249.) Tone allowed spices to be sold in its container under the Sysco label until March 1988. At the time of Cruger's deposition in 1991, approximately 100 private labelers had used the Tone container. (Cruger depo. p. 249).

Initially, the private labels did not bear any source indicia. This situation continued between one and two years. Subsequently, private labels bore Tone's "Heart-Loc" and "Spice Advice" marks. (Cruger depo. p. 20.) After January 1985, when a patent issued, the Tone container also displayed a very small imprint of the Tone leaf symbol on the bottom. Tone's president acknowledged, however, that the private label names do make an impression on the operators. (Cruger depo. p. 250.)

The remaining ten percent of Tone's sales in the food service channel were made under the Tone label. (Cruger depo. p. 18.) These sales primarily were made through local Iowa food distributors, such as Hawkeye. (Cruger depo. p. 208.)

Tone representatives attended food shows during the relevant time period and incurred travel expenses to do so. (Cruger depo. pp. 41-43.) Tone representatives also travelled to meet with distributors. (Cruger depo. p. 42.) In 1987, print advertisements featured the Tone container. (Cruger depo. pp. 41-42.) The evidence of sales expenses in connection with the Tone container consists of lump sums for each year. (Sealed Ex. 5.)

Tone's total sales receipts in the food service channel increased steadily from 1983 to 1987. Receipts for 1988 and 1989 show a decline. Tone's total sales receipts involving the Tone container in all channels show a steady increase through

1987 with receipts increasing less in 1988 and 1989. (Sealed Ex. 5.)

Two Tone representatives testified, by deposition, that they received unsolicited consumer responses and testimonials of confusion between Tone and Sysco products at food shows. (Nylen depo. pp. 22-22; Keaton depo. pp. 124-26, 142-43.) These consumer responses or testimonials are hearsay statements. In any event, "[m]ore is needed to establish the necessary consumer association than merely the self-serving testimony of the plaintiff that some of his customers were confused." *Co-Rect Prod.*, 780 F.2d at 1333. There is no direct evidence in the summary judgment record of consumer association between the Tone container and a single source (Tone) such as affidavits or depositions of consumers, surveys or statistical evidence, or admissible evidence of unsolicited consumer responses or testimonials.

The Tone container was the first of its kind in the food service channel. Competitors have developed similar containers. Sysco began developing its container in 1985. (Pasco depo. p.16.) The Sysco designers had before them the Tone container and the containers used by Tone's competitors. (Pasco depo. pp. 22 & 31; Klitsner depo. pp. 16-17.) Sysco began using the alleged infringing container after its private label arrangement with Tone ended in March 1988.

Sysco argues that Tone's private label sales prevent it from raising a genuine issue of fact as to secondary meaning because Tone has allowed consumers to associate its container with more than one source. Courts have acknowledged the effect of private label sales on the ability to establish secondary meaning. *See, e.g., J.R. Clark Co. v. Murray Metal Prod. Co.*, 219 F.2d 313, 320 (5th Cir. 1955); *In re Hillerich & Bradsby Co.*, 204 F.2d 287, 291 (C.C.P.A.

1953); *Alexander Binzel Corp. v. Nu-Tecsys Corp.*, 1992 U.S. Dist. LEXIS 757 (N.D. Ill. 1992); *Century Time Ltd. v. Interchron Ltd.*, 729 F. Supp. 366, 368 n.2 (S.D.N.Y. 1990); *Zin-Plas Corp. v. Plumbing Quality Agf. Co.*, 622 F. Supp. 415, 418 (W.D. Mich. 1985); *R.M. Smith, Inc. v. Collins, Ltd.*, 219 U.S.P.Q. (BNA) 465 (W.D. Pa. 1983), *aff'd*, 729 F.2d 1449 (3d Cir. 1984); *Filter Dynamics Int'l, Inc. v. Astron Battery, Inc.*, 19 Ill. App. 3d 299, 311 N.E.2d 386, 395 (1974).

In *J.R. Clark*, a manufacturer of ironing tables allowed its tables to be sold under other trade-names. The Court of Appeals agreed with the district court that the manufacturer failed to establish secondary meaning "for the reason that it has permitted its device to be sold under other trade-names and trade-marks and through other outlets to such an extent that it could not have been associated exclusively in the public mind with [the manufacturer] as its source...." 219 F.2d at 320.

In *Hillerich & Bradsby*, a manufacturer of baseball bats sought trademark registration of the oval design which encircled its own proprietary label ("Louisville Slugger") and the private labels of others on the bats it produced. Private labels included "JC Higgins" (Sears), "James W. Brine", "Honus Wagner", and "Coast to Coast Stores." On appeal from the denial of trademark registration, the Court of Appeals rejected the manufacturer's claim that the oval had acquired secondary meaning as an indicator of origin. The court agreed with the patent office that the oval alone could not indicate the manufacturer as the source of the goods because of its use by others with the full approval and sanction of the manufacturer. 204 F.2d at 291.

In *Zin-Plas*, a manufacturer of diverter tub spouts and showerheads sought a preliminary injunction against an importer of imitations. The manufacturer did not advertise its products to the public. Instead, it sold its products to packagers, such a Brasscraft. According to the court,

> [t]hese packagers buy plumbing products from several manufacturers, package them in their own distinctive packages, and in turn sell them to retailers. When consumers select a plumbing product from a retailer who sells products packaged by Brasscraft, they assume they are buying a Brasscraft plumbing fixture, since that is the only name that appears on the package.

622 F. Supp. at 418. The court concluded that "consumers would identify the packager, not Zin-Plas as the single source of all the products contained in its packages." *Id.* Although there was evidence of intentional imitation by the competitor, the court held that secondary meaning cannot be inferred "where, as here, the marketing mechanism ensures that the buying public identifies an entity other than the plaintiff as the single source of the products." *Id.*

In *R.M. Smith*, the manufacturer of a pistol-grip nozzle for ordinary lawn and garden hoses did business under the Gilmour name. Eighty-five percent of its sales were of nozzles on cards bearing the Gilmour name. The remaining fifteen percent of its sales were of nozzles on private labels to department stores, chain stores, and distributors. Of this group, ninety-eight percent bore the name "Gilmour" on the nozzle itself. "Because customers who buy for resale frequently want no name on the product other than their own," there were no markings indicating "Gilmour" in the remainder

(2%) of these private label sales. 219 U.S.P.Q. at 467. Instead the cards bore the names of, among others, Rain Bird, Montgomery Ward, Servistar, and Leisure. However, some of the sales cards did refer to *R.M. Smith*, the manufacturer.

The court concluded "that because of private label sales, and sales on a 'Smith' card, the relevant buyers do not associate the Gilmour nozzle with a single source." *Id.* at 470 (footnote omitted). The court stated:

> The evidence reveals that the features of the Gilmour [nozzle] identify the nozzle itself but not the source of the nozzle. There is not evidence to indicate that the relevant buyers attribute the Gilmour nozzle with a single source, i.e., it could be identified with, inter alia, Rain Bird, Smith or Gilmour, but not Gilmour alone.

Id. The court held that the manufacturer failed to establish secondary meaning. *Id.*

In *Filter Dynamics*, a manufacturer of automotive batteries sold batteries to retailers and distributors through its subsidiary. The batteries were labelled either with the manufacturer's proprietary label ("LEE") or with the private labels of its merchant customers. An estimated twenty to twenty-five percent of the manufacturer's batteries were sold under private labels. 311 N.E.2d at 390.

The manufacturer and its subsidiary brought a state law unfair competition claim challenging a competitor's use of a battery display container similar to the plaintiffs' "Vu-Pak" display box. Plaintiffs had the burden of establishing

secondary meaning, just as under federal law. After affirming on alternative grounds the trial court's conclusion that no secondary meaning was established, the court stated the following with regard to private labelling:

> Finally, any secondary meaning that plaintiffs seek to establish for their Vu-Pak package is largely destroyed by allowing private labels to be substituted on the battery itself in place of "LEE", plaintiff's proprietary brand name. Plaintiffs have cited no authority and we are aware of none which has held that a secondary meaning can be established when a plaintiff permits those who distribute his product and use his package to apply their own proprietary labels to it and therefore lead the consumer to believe the product is not the plaintiffs' but that of another in whose store the product is sold. Rather the rule is to the contrary. A plaintiff who would enjoin others from imitation under trademark and unfair competition laws should not himself be guilty of misrepresenting the source of his own article. [Citations omitted.] The labels on the battery are clearly displayed by plaintiffs' Vu-Pak. One of plaintiffs' witnesses stated that a primary indication of the source of any product is its label. The effect of the private labeling is therefore to vitiate the achievement of secondary meaning because the battery product is clearly labeled differently from the source which the plaintiffs seek to show their packaging denotes.

311 N.E.2d at 395-96 (footnote omitted).

The Court agrees with the reasoning of the foregoing authorities. Where a manufacturer permits those who distribute or sell its product or use its package to apply their own labels to it and thereby lead the consumer to believe that the product or the package is their own, the manufacturer cannot establish secondary meaning. The product or package cannot serve to identify the manufacturer as the single source of origin of the product or to distinguish its goods from the goods of others when private labeling is as widespread as in this case.

Tone has created a situation where food service operators may associate the Tone container with as many as 100 different sources. It is undisputed that the private labels make an impression on the operators. For the first one to two years after the Tone container was introduced, neither the private labels nor the container indicated Tone as a source. If operators who purchased privately-labelled Tone spices could not identify Tone as a source, they certainly could not associate Tone as the *sole* source of the spices and the container.

The situation during the first two years was very nearly like that in the *Hillerich & Bradsby* case, where the oval (here, the container) was the only common thread visible to consumers linking the manufacturer and the private labellers. Whatever significance the oval may have had to the private labellers, there was no evidence that consumers associated the oval with the manufacturer. *See* 204 F.2d at 291. Here, as well, any significance the Tone container may have to the private labeller is lost at the point of sale, where there is no evidence that operators associated the Tone container with a single source.

The addition of Tone's trademarks to the private labels and the bottom of the container changed the situation only to that found in the *R.M. Smith* case, where the vast majority of the nozzles sold under private labels bore the name "Gilmour" on the nozzle itself. Sales under private labels amounted to only fifteen percent of Gilmour sales. Sales through as many as 100 private labellers amounted to ninety percent of Tone's total sales. Private labellers may have considered the addition of Tone's trademarks significant, but there is no evidence that operators then began associating the Tone container with a single source.

Moreover, Tone must establish that its container has secondary meaning independent and separate from the word or symbol marks on the container. *See In re Mogen David Wine Corp.*, 372 F.2d 539, 541-42 (C.C.P.A. 1967); *In re McIlhenny Co.*, 278 F.2d 953, 955-57 (C.C.P.A. 1960). The addition of the Tone trademarks to the container and the private labels merely creates the inference that the trademarks — not the container itself — distinguish Tone's goods from the goods of others. The Court observes that if the container has the significance which Tone says it does, then the trademarks would be unnecessary.

Tone's other evidence is insufficient to overcome the adverse effect of private labelling on its trademark claim. The evidence of advertising expenses consists of lump sum figures which show neither the amount nor the focus of advertising featuring the Tone container. For example, there is no evidence that Tone encouraged operators to look for the "familiar clear container." *Cf. First Brands Corp.*, 809 F.2d at 1383; *In re Mogen David*, 372 F.2d at 541-42. Furthermore, "it is the *effect* of such advertising that is important, not its extent." *Co-Rect Prod.*, 780 F.2d at 1332 (emphasis in original). The evidence does not show and it cannot be

inferred that Tone's promotional activities, which were directed in part at food service distributors, caused food service operators to associate the Tone container with a single source.

Tone's evidence of intentional copying likewise fails to generate the inferences necessary to avoid summary judgment. *See, e.g., Co-Rect Prod.*, 780 F.2d at 1332. The evidence is meager, and, as in the *Zin-Plas* case, an inference of secondary meaning from intentional copying is inappropriate where the marketing mechanism prevents the consumer from identifying the manufacturer as the single source of the product. 622 F. Supp. at 418.

As to sales, Tone's dependence on private labellers in its indirect marketing approach weakens whatever inference of secondary meaning may arise from the inconclusive changes in sales receipts. In short, the volume and extent of the private labelling arrangements vitiate the inferences which ordinarily arise from indirect evidence usually relied upon to support consumer association. At the same time, critical direct evidence of consumer association is notably lacking. *Cf. Co-Rect. Prod.*, 780 F.2d at 1333 n.9 (discussing importance of consumer surveys and testimonials).

As an alternative ground to avoid summary judgment, Tone argues that it need not prove secondary meaning to prevail on its trademark claim. Tone argues "distinctiveness" is sufficient, relying on *Bauer Lamp Company v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991). The evidence is insufficient to establish that the Tone container is inherently distinctive. There is nothing about the bottle itself which connects it either with spices generally or with Tone, in particular. *Cf. In re Mogen David*, 372 F.2d at 541-42; *In re McIlhenney Co.*, 278 F.2d at 956. Where inherent distinctiveness is lacking, the

Eight Circuit equates acquired distinctiveness with secondary meaning. *See, e.g., Co-Rect Prod.*, 780 F.2d at 1329, 1332 (a mark is entitled to protection only if shown to be distinctive, that is, shown to have acquired a secondary meaning). Secondary meaning is an essential element of plaintiff's claim. *See Woodsmith Pub. Co.*, 904 F.2d at 1247. Because Tone has failed to make a showing sufficient to establish the existence of this essential element, Sysco is entitled to summary judgment on the trademark claim.

IV.

Functionality

In order to aid appellate review, the court addresses Sysco's motion for summary judgment on the patent and trademark claims based upon functionality. The court has reviewed the record and the case law, particularly those cases cited by the parties. It is undisputed that a number of bottle designs function as well as the Tone container. This, as well as deposition testimony of the aesthetic concerns addressed while designing the container, raises a genuine issue of fact regarding functionality. Therefore, the entry of summary judgment on the patent and trademark counts is not supported by Sysco's alternate grounds.

V.

Damages

Sysco moves for partial summary judgment on Tone's claim for recovery of Sysco's profits in connection with the alleged infringing bottle under 35 U.S.C. § 289. The cases cited by Sysco in support of its motion are factually distinguishable. *See Transworld Mfg. Corp. v. Al Nyman &*

Sons, Inc., 750 F.2d 1552 (Fed. Cir. 1984); *Schandig Corp. v. Gaines Mfg. Co.*, 200 U.S.P.Q. (BNA) 435 (W.D. Tenn.), *modified on other grounds*, 620 F.2d 1166 (6th Cir. 1980). This case involves the container for the goods sold — not separate goods. The court is of the opinion that 35 U.S.C. § 289 permits the recovery of a competitor's profits on goods sold in an infringing container in appropriate circumstances. If plaintiff were to show that Sysco's profits were increased by the use of an infringing container or that Tone's profits were decreased because of the infringing container, a proper measure of damages would be established. Whether such circumstances exist in this case involves factual questions which remain in dispute. Accordingly, Sysco's motion for partial summary judgment on damages will be denied.

In summary, the Court grants the defendant's motion for summary judgment on plaintiff's patent infringement claim because, as a matter of law, the design was publicly exhibited more than one year before the application for the patent was made. The Court grants the defendant's motion for summary judgment on plaintiff's trademark infringement claim because, as a matter of law, plaintiff failed to establish that its container had acquired a secondary meaning. Because the Court's pendant jurisdiction no longer is supported by the federal law claims, the state law claims will be dismissed for lack of subject matter jurisdiction.

IT IS THEREFORE ORDERED that defendant's motion for summary judgment is granted and the case is dismissed at plaintiff's costs. Defendant's request for attorney fees is denied.

IT IS FURTHER ORDERED that the Clerk of Court is authorized and directed to enter judgment for defendant and against the plaintiff in accordance herewith.

Signed this 17th day of March, 1992.

/ S /

W. C. STUART, Senior Judge
Southern District of Iowa.

APPENDIX B

United States Court of Appeals
for the Federal Circuit

92-1347, -1379

TONE BROTHERS, INC.,

Plaintiff-Appellant,

v.

SYSCO CORPORATION,

Defendant/Cross-Appellant.

Edmund J. Sease, Zarley, McKee, Thomte, Voorhees & Sease, of Des Moines, Iowa, argued for plaintiff-appellant. With him on the brief were *Kirk M. Hartung* and *Heide E. Sease*.

Steve Rosenblatt, Rosenblatt & Associates, P.C., of Houston, Texas, argued for defendant/cross-appellant. With him on the brief was *Paula Morris*.

Appealed from: U.S. District Court for the
Southern District of Iowa.

Judge Stuart

United States Court of Appeals
for the Federal Circuit

92-1347, -1379

TONE BROTHERS, INC.,

Plaintiff-Appellant,

v.

SYSCO CORPORATION,

Defendant/Cross-Appellant.

DECIDED: July 7, 1994

Before PLAGER, CLEVENGER, and SCHALL, *Circuit Judges*.

SCHALL, *Circuit Judge*.

Tone Brothers, Inc. ("Tone") appeals from the judgment of the United States District Court for the Southern District of Iowa granting summary judgment for Sysco Corporation ("Sysco") and dismissing the case. *Tone Bros., Inc. v. Sysco Corp.*, 23 USPQ2d 1184 (S.D. Iowa Mar. 17, 1992). In its complaint, Tone had sought damages and injunctive relief against Sysco for (1) design patent

infringement; and (2) trade dress infringement, in violation of section 43(a) of the Lanham Act, 15 U.S.C. 1125(a) (Supp. IV 1992), and Iowa state law.

The patent-in-suit is United States Design Patent No. 277,363 for "[t]he ornamental design for a jar or similar article, as shown and described," which issued on January 29, 1985, to Archie G. Drummond, Jr. *et al.* and is assigned to Tone (the "'363 patent"). Tone claims as its trade dress the shape and appearance of its own clear plastic container which it has used for its spices since 1982. Tone has not alleged that it has registered its trade dress as a trademark under either state or federal law.

The district court granted summary judgment for Sysco on the patent claim, holding the '363 patent invalid under the public use bar of 35 U.S.C. § 102(b) (1988). 23 USPQ2d at 1186-88. The district court also granted summary judgment for Sysco on the Lanham Act claim, holding that Tone's trade dress was neither inherently distinctive nor had acquired secondary meaning so as to support an action under section 43(a). *Id.* at 1188-92. Because the district court's pendent jurisdiction over Tone's state law claims was no longer supported by federal claims, the district court dismissed the state law claims for lack of subject matter jurisdiction. *Id.* at 1193. Tone appeals both the patent and the Lanham Act rulings.

Sysco cross-appeals the district court's denial of its application for attorney fees under 15 U.S.C. § 1117(a) (1988), and under 35 U.S.C. § 285 (1988). *Tone Bros., Inc. v. Sysco Corp.*, No. 4:90-CV-60011 (S.D. Iowa Apr. 28, 1992). Further, Sysco seeks to recover its attorney fees

incurred in this appeal, either under 35 U.S.C. § 285 (1988) or on the ground that Tone's appeal is frivolous. [1]

Because we find that there are genuine issues of material fact in dispute, we reverse the grant of summary judgment of patent invalidity, as well as the grant of summary judgment of the non-protectability of Tone's trade dress. The judgment in favor of Sysco dismissing the case is therefore vacated, and the case is remanded for further proceedings consistent with this opinion. [2] In light of these rulings, we

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[1] Sysco also sought review in its cross-appeal of the following rulings of the district court: (1) its decision that Sysco's summary judgment on the patent claim was not supported by the alternate ground of non-infringement as a matter of law, the court having concluded that there were material facts in dispute on this issue, 23 USPQ2d at 1188; (2) its denial of Sysco's motion for partial summary judgment on the issue of design patent damages, the court having concluded that this issue too presented disputed issued of material fact, *id.* at 1192-93; and (3) its pretrial evidentiary ruling regarding the attorney client privilege, *Tone Bros., Inc. v. Sysco Corp.*, No. 4:90-CV-60011 (S.D. Iowa Mar. 4, 1992) This court previously ordered that Sysco may not appeal these rulings at this time and limited Sysco's cross-appeal to the matter of attorney fees. *Tone Bros., Inc. v. Sysco Corp.*, Nos. 92-1347, -1379 (Fed. Cir. Oct. 15, 1992).

[2] Sysco argues, as an alternate ground for upholding the judgment on the patent claim, that the district court erred in denying summary judgment on its motion for a finding of non-infringement as a matter of law. As noted above, the court concluded that there were issues of material fact in dispute, and thus denied the motion. We refuse to consider the alternate ground. Because infringement of a design patent is a fact-intensive issue, this court is not suited to address the merits of the issue prior to the district court doing so. *See Singleton v. Wulff*, 428 U.S. 106, 120-121 (1976) (improper to review the merits of a case where the final order in the case was a dismissal for lack of standing, and where the merits had not been

need not address Sysco's cross-appeal on the matter of attorney fees, and we deny Sysco's application for attorney fees in connection with this appeal.

BACKGROUND

Tone processes and packages bulk herbs and spices. It sells these goods to distributors, who resell them under a wide variety of brand names. Sometime about 1981, Tone conceived the idea, new at that time, of using a container made of clear plastic rather than the traditional tin spice package or an opaque plastic container. In due course, Tone's designers came forward with a large, clear container in the basic shape of a tall box with an oval depression in each side that serves as a hand grip. The container also has a plastic screw-on lid which has a flip-up opening for spooning or shaking out the contents of the container. In September of 1982, Tone's designers filed an application for a design patent on the new container. At about the same time, Tone began selling herbs and spices in the container. As noted above, the application issued as the '363 patent on January 29, 1985.

Sysco is a wholesale distributor of food products, including spices. Prior to March of 1988, Sysco was one of the distributors of Tone's spices, which it resold under the Sysco private label. Sysco, however, began developing its own container in 1985. The Sysco container which resulted from this development project, and which is now alleged to infringe, is generally similar to the Tone container in that both

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sufficiently developed in the trial court); *see also Confederated Tribes of Colville Reservation v. United States*, 964 F.2d 1102, 1109 (Fed. Cir. 1992) (noting that for fact-intensive issues, the trial court has the discretion to deny summary judgment even where summary judgment might otherwise be appropriate).

are made of clear plastic, are about the same height, have the same general shape, and have the same kind of flip-up, screw-on lid.

Sysco began using the allegedly infringing container after its private label arrangement with Tone ended in March of 1988. In May of 1989, through its lawyers, Tone informed Sysco that Tone believed the Sysco container infringed Tone's design patent and trade dress. Sysco denied the alleged infringement and refused to cease using the container. On January 10, 1990, Tone filed its district court action, alleging (1) design patent infringement and (2) trade dress infringement under both section 43(a) of the Lanham Act and Iowa state law. As noted above, the district court granted summary judgment for Sysco and dismissed the case, but denied Sysco's application for attorney fees. This appeal and cross-appeal followed.

DISCUSSION

I. STANDARD OF REVIEW

Summary judgment is appropriate when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). We undertake plenary review of a grant of summary judgment. *Keystone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1449, 27 USPQ2d 1297, 1301 (Fed. Cir. 1993).

A material fact is one that may affect the decision, so that the finding of that fact is relevant and necessary to the

proceedings. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A genuine issue is shown to exist if sufficient evidence is presented such that a reasonable fact finder could decide the question in favor of the nonmoving party. *Id.* The evidence submitted by the nonmovant, in opposition to a motion for summary judgment, "is to be believed, and all justifiable inferences are to be drawn in [its] favor." *Id.* at 255. In ruling on a motion for summary judgment, the court must bear in mind the actual quantum and quality of proof necessary to support liability under the applicable law. *Id.* at 254. The court must assess the adequacy of the nonmovant's response and must determine whether the showing the nonmovant asserts it will make at trial would be sufficient to carry its burden of proof. *See Celotex*, 477 U.S. at 322.

II. CLAIM FOR DESIGN PATENT INFRINGEMENT

The district court held that the patented design was in public use within the meaning of section 102(b), title 35, by virtue of the fact that the design was shown to a group of college students more than one year before the filing of the patent application. 23 USPQ2d at 1188. [3] In so holding, the court concluded, as a matter of law, that Tone could not counter Sysco's *prima facie* case of public use with evidence that tended to demonstrate the showing to the students was for

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[3] Section 102(b), title 35, provides in pertinent part: "A person shall be entitled to a patent unless . . . the invention was . . . in public use . . . in this country, more than one year prior to the date of the application for patent in the United States." Whether or not an invention was in public use within the meaning of section 102(b) is a question of law, which is based upon underlying issues of fact. *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 549, 16 USPQ2d 1587, 1591 (Fed. Cir. 1990).

an experimental purpose. *Id.* at 1187-88. [4] We hold that was error.

The following facts pertinent to the alleged public use — as set forth in deposition testimony and uncontested documents — are either undisputed or represent Tone's version. James M. Degen, a consultant, was hired by Tone in 1979, initially to develop a long-range business plan for Tone, and later to do various other projects. One such task, which Degen was assigned on May 14, 1981, was to do the following: "[D]evelop a proposal to test the new one-pound plastic container, versus the existing Tone package versus one-pound tin. This test should cover handling, shaking, spooning positions/satisfaction, etc."

Degen accordingly set up a study of a type he said was referred to in the marketing research business as a "disaster check," in order to get feedback from people who might actually use the container. Degen testified in his deposition that the study was a chance for users to help a manufacturer to improve a product, and to prevent the mistake of

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[4] The party asserting the public use bar has the initial burden of showing by clear and convincing evidence facts which support the existence of a public use within the meaning of section 102(b). *Manville Sales*, 917 F.2d at 549, 16 USPQ2d at 1591. Once the challenger has made out this *prima facie* case of public use, a burden of production is placed upon the patent owner; the patent owner must come forward with convincing evidence to counter the *prima facie* case. *See U.S. Environmental Prods. Inc. v. Westall*, 911 F.2d 713, 716, 15 USPQ2d 1898, 1901 (Fed. Cir. 1990). At all times, however, because patents are given a presumption of validity under 35 U.S.C. § 282 (1988), the burden of persuasion remains with the party asserting the bar. *TP Labs, Inc. v. Professional Positioners, Inc.*, 724 F.2d 965, 971, 220 USPQ 577, 582 (Fed. Cir.), *cert. denied*, 469 U.S. 826 (1984).

introducing a wrong product or one that did not fit the users' needs. He further testified that the purpose of the study was to evaluate the feel, the hold, and the handling of three spice containers: (1) an existing Tone tin container, (2) an existing Tone plastic container, and (3) a prototype of a new plastic container of Tone's. As participants in the study, Degen randomly selected ten students who were dietetics majors at the college where he was teaching, Mundelein College, in Chicago, Illinois.

An interview guide prepared by Degen for the study outlined the study methodology, wherein: (1) the students were to pick up the containers and describe how they felt (e.g., comfortable, awkward, easy to grip, balanced, etc.); (2) the students were asked which container they liked best, and why; and (3) the students were asked how the containers felt when shaking out their contents. Thus, the new container was given to the students to see if it worked properly. Put another way, the students were not shown the new container and asked whether it was pleasing to the eye. Rather, they were asked to test the functional features of the container. Degen testified that there was no confidentiality agreement with the students. Degen documented the students' reactions in a report dated June 5, 1981, that highlighted the reasons why some students preferred the new container, while others preferred the prior container designs. The report also pointed out some potential problems with the new container, as well as suggested improvements. The district court held that, based upon the above evidence, Sysco has made out a *prima facie* case of public use by clear, convincing, and undisputed evidence. 23 USPQ2d at 1188. For its part, Tone argued that the Degen study did not constitute a public use within the meaning of section 102(b) because it was for an experimental purpose. The district court rejected this argument, however, based upon what it viewed to be this court's treatment of the public use

issue in the context of design patents in *In re Mann*, 861 F.2d 1581, 8 USPQ2d 2030 (Fed. Cir. 1988). The district court found relevant the following portion of the *Mann* decision:

> We find no merit in appellant's arguments that the design was not "in public use" because "the table was not used in its natural and intended way" because it was "merely on display," that display at the trade show was not a public use, and that the showing of the table embodying the design was "experimental." The only use possible for an ornamental design is its embodiment, exhibition, and observation.

23 USPQ2d at 1187 (quoting *Mann*, 861 F.2d at 1581, 8 USPQ2d at 2031). The district court also found key the *Mann* court's following discussion of the doctrine of experimental use:

> We see no way in which an ornamental design *for* an article of manufacture can be subject to the "experimental use" exception applicable in the case of functioning machines, manufactures, or processes. Obtaining the reactions of people to a design — whether or not they like it — is not "experimentation" in that sense. In the case of a design, if market testing shows that it has no appeal and the design is *changed*, the result is a new and different design; the original design remains just what it was. Design patents have almost no scope. The claim at bar, as in all design cases, is limited to what is shown in the applicable drawings.

23 USPQ2d at 1187-88 (quoting *Mann*, 861 F.2d at 1582, 8 USPQ2d at 2031 (emphasis in original)). Accordingly, the court rejected, as a matter of law, Tone's attempt to counter Sysco's case of public use with evidence tending to show that the Degen study was for an experimental purpose.

Tone contends that the district court did not properly consider the totality of the circumstances of this case in light of the policies behind the public use bar before it granted summary judgment. When the totality of the circumstances is considered, and the evidence — including evidence of experimentation — is viewed in a light more favorable to it, Tone argues, there are genuine issues of material fact with respect to the public use issue. We agree.

We have held that, in order to determine whether an invention was in public use within the meaning of section 102(b), a court must consider how the totality of the circumstances of the case comports with the policies underlying the public use bar. *Manville Sales*, 917 F.2d at 549, 16 USPQ2d at 1591. This approach is necessary because the policies behind the bar, in effect, define it. *Id.* at 549-50, 16 USPQ2d at 1591. We have enumerated the policies underlying section 102(b), albeit in the "on sale" context, as follows: (1) discouraging the removal, from the public domain, of inventions that the public reasonably has come to believe are freely available; (2) favoring the prompt and widespread disclosure of inventions; (3) allowing the inventor a reasonable amount of time following sales activity to determine the potential economic value of a patent; and (4) prohibiting the inventor from commercially exploiting the invention for a period greater than statutorily prescribed time. *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 860, 226 USPQ 402, 406 (Fed. Cir. 1985), *cert. denied*, 475 U.S. 1016 (1986).

Evidence of experimentation is part of the totality of the circumstances considered in a public use inquiry. The fact that there was experimentation occurring is relevant to the question of whether the activities of the inventor were at odds with any of the four policies underlying the public use bar. In other words, the inquiry is not: (1) was there a public use, and, if so, (2) was the public use for a bona fide experimental purpose and thus excused. Rather, there is only one inquiry — was there a public use within the meaning of section 102(b). Illustrating the significance of this distinction is the following discussion of the nature of the doctrine of experimental use in *TP Laboratories, Inc. v. Professional Positioners, Inc.*:

> [T]he court should have looked at all of the evidence put forth by both parties and should have decided whether the entirety of the evidence led to the conclusion that there had been "public use." This does not mean, of course, that the challenger has the burden of proving that the use is not experimental. Nor does it mean that the patent owner is relieved of explanation. It means that if a *prima facie* case is made of public use, the patent owner must be able to point to or must come forward with convincing evidence to counter that showing.

724 F.2d 965, 971, 220 USPQ 577, 582 (Fed. Cir.), *cert. denied*, 469 U.S. 826 (1984).

In the present case, the display of the design to the students appears to have been for the purpose of evaluating the effect of the functional features of the design on the typical

functioning of a spice container.[5] A display of an ornamental design can be directed toward generating consumer interest in the aesthetics of the design, as appears to have been the case in *Mann*, or it can be directed toward determining whether the design's functional aspects have any adverse effect on users of the structure embodying the design, as appears to have been the case with the Degen study. Such a distinction has a direct bearing on the policies underlying the public use bar. For example, the display of the design in *Mann*, unlike the display in the present case, appears to have been for a purpose directly contrary to the public use bar policy of preventing an extension of the patent term through pre-application commercial exploitation. Given the fact that the wrought iron table design in *Mann* was exhibited at a trade show, an exploitative purpose seems to have been present. Because of the commercial nature of a trade show, it must be assumed that the table was ready to be sold to consumers and that the manufacturer had already made sure that the ornamental design of the table did not detract from the

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[5] Patentable designs may embody functional features. *See Avia Group Int'l, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1563, 7 USPQ2d 1548, 1553 (Fed. Cir. 1988) ("[I]f a patented design is 'primarily functional,' rather than primarily ornamental, the patent is invalid."); *In re Garbo*, 287 F.2d 192, 193, 129 USPQ 72, 73 (CCPA 1961) ("[A] design may embody functional features and still be patentable . . . ."); *cf. In re Aslanian*, 590 F.2d 911, 914, 200 USPQ 500, 503 (CCPA 1979) ("[T]he specific disclosure of structure in a design patent application may inherently teach functional features."). Such appears to be the case here. Thus, contrary to Sysco's suggestion, we do not think applicable to this case the settled law on utility patents that experimentation performed with respect to non-claimed features of the device cannot negate the effect of activities that would otherwise bar patentability under section 102(b). *See In re Brigance*, 792 F.2d 1103, 1109, 229 USPQ 988, 991-92 (Fed. Cir. 1986).

practical functioning of the table. In the present case, however, there appears to have been a lack of exploitative purpose. The design was shown to students, not at a trade show, and Degen testified that the students did not know the identities of the companies associated with the various designs they were shown. In addition, it appears that the showing was for the purpose of testing the functional features of the design. As indicated on the interview guide for the Degen study, the students were asked how the containers felt when shaking out their contents. Further, Degen characterized the study as a "disaster check," which indicated that the design was not set in stone at the time of the study. [6] Thus, as a factual matter, *Mann* involved issues that differ from those that must be addressed in this case. [7]

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[6] Indeed, one of the inventors of the '363 design testified in deposition that there were changes to the design after the Degen study. And although there is no evidence in the record that indicates that the changes resulted from the Degen study, that has no bearing on the existence of changes after the study indicating that the design was not set in stone at the time of the study.

[7] The broad statement in *Mann* regarding the doctrine of experimental use — upon which the district court relied in this case — is arguably dictum. It is difficult to see how, under any standard, one could argue that displaying an item at a trade show constitutes experimental use. By its every nature, a trade show is a vehicle for promoting sales of a product. Consequently, the element of commercial exploitation is present. The court in *Mann* did not address the issue of whether the doctrine of experimental use may apply with respect to testing directed toward functional aspects of a design. That is the issue ripe for decision in this case.

None of our cases have addressed the issue of whether experimentation involving the functional aspects of a product to which a design patent relates can be a non-public use. We do so today and hold that experimentation directed to functional features of a product also containing an ornamental design may negate what otherwise would be considered a public use within the meaning of section 102(b). Accordingly, a finding of public use may still be negated in this case if it is found that the Degen study was for a bona fide experimental purpose, such that none of the policies behind the public use bar were implicated by the study. In that regard, we note that this court has listed factors which should be considered in connection with the experimental use inquiry: (1) the length of the test period and number of tests as compared with a similar type of test on a similar type of design; (2) whether a user made any payment for the device; (3) whether a user agreed to use secretly; [8] (4) whether records were kept of the

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[8] The students at Mundelein College who participated in the Degen study were not told to keep what they saw and heard during the study a secret. *See* 23 USPQ2d at 1186. From this evidence, the district court concluded that the circumstances of the Degen study fit within the definition of public use set forth in *In re Smith*, 714 F.2d 1127, 218 USPQ 976 (Fed. Cir. 1983), namely, that a public use under section 102(b) is "any use of that invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor." 23 USPQ2d at 1186, 1188 (quoting and citing *Smith*, 714 F.2d at 1134, 218 USPQ at 983). The circumstances of the Degen study distinguish it from the survey in *Smith*. In *Smith*, the lack of control and the extensiveness of the consumer test created a situation where actual samples of the invention were in the public domain, a situation where public belief of the invention's free availability was much more likely than in the present case. Moreover, we have held that the existence of a confidentiality agreement is not dispositive of the public use issue. *See, e.g., Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1266, 229 USPQ 805, 808 (Fed. Cir. 1986), *cert. denied*, 479

progress of the test; and (5) whether persons other than the designer conducted the asserted experiments. *TP Labs.*, 724 F.2d at 971-72, 220 USPQ at 582.

In sum, the district court erred by rejecting, as a matter of law, Tone's argument that the Degen study was for a bona fide experimental purpose, thereby overcoming the asserted *prima facie* case of public use. As a matter of law, experimentation directed to functional features of a product to which an ornamental design relates may negate what otherwise would be a public use within the meaning of section 102(b). Viewing the evidence in a light most favorable to Tone, there is considerable evidence on the basis of which it could be concluded that the Degen study did not amount to public use. Accordingly, we reserve the district court's grant of summary judgment on the ground of invalidity of the '363 design patent under the public use bar.

III. CLAIM UNDER SECTION 43(a) OF THE LANHAM ACT

Section 43(a) of the Lanham Act creates a federal cause of action for trade dress infringement. The current version of section 43(a) reads in pertinent part:

> **15 U.S.C. § 1125. False designations of origin and false description forbidden**
>
> **(a) Civil action**
>
> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any

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U.S. 1030 (1987); *TP Labs.*, 724 F.2d at 972, 220 USPQ at 583.

> word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —
>
> (A) is likely to cause confusion or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . .
>
> . . . .
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a) (Supp. IV 1992). In reviewing Lanham Act claims, we look to the law of the regional circuit where the district court sits, here the Eighth Circuit. *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 987-88, 27 USPQ2d 1516, 1518 (Fed. Cir. 1993).

Tone contends that it has trade dress rights in the shape and appearance of its spice container. [9] The district court

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[9] The protectability of such subject matter as trade dress Sysco does not dispute. We note that Eighth Circuit precedent, as well as this circuit's, supports the proposition that containers are protectable as trade dress. *See Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-15, 191 USPQ 79, 82-83 (8th Cir.) (exterior design of a twin-hopper bottomed grain semi-trailer protectable as trade dress), *cert. denied*, 429 U.S. 861

held on summary judgment that Tone's alleged trade dress was not protectable under the Lanham Act because Tone had failed to establish that its container design had acquired secondary meaning. 23 USPQ at 1188-92. The court further held that its summary disposition was supported by the alternate ground that Tone had not shown its container design to be inherently distinctive. *Id.* at 1192.

Tone argues that the district court erred in granting summary judgment because questions of material fact exist as to the status of its container design as trade dress protectable under the Lanham Act. In particular, Tone argues that the court overlooked evidence that its container design had acquired secondary meaning as its manufacturer's mark despite extensive private labeling by others. Tone also argues that the court did not properly consider the issue of whether Tone's container is inherently distinctive. We agree with Tone in both respects and therefore reverse the district court's grant of summary judgment on the Lanham Act claim. [10]

As the Supreme Court held in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 23 USPQ2d 1081 (1992), trade dress that is inherently distinctive as an identification for particular services is protectable under section 43(a) of the Lanham Act even without a showing that the trade dress has acquired secondary meaning. *Id.* at 2761, 23 USPQ2d at 1086. Therefore, we must reverse the district court's grant of

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(1976); *In re Mogen David Wine Corp.*, 328 F.2d 925, 932, 140 USPQ 575, 580-81 (CCPA 1964) (the same for a wine decanter).

[10] Sysco invites us to address an alternate ground for judgment in its favor on the Lanham Act claim — non-infringement as a matter of law. We decline to address the issue as it was not addressed by the district court. *See Singleton v. Wulff*, 428 U.S. 106, 120-21 (1976).

summary judgment if we find that there are genuine issues of material fact as to either the issue of acquired distinctiveness (i.e., secondary meaning) or the issue of inherent distinctiveness of the shape and appearance of Tone's container.

A. Acquired Distinctiveness — Secondary Meaning

Tone, as the party attempting to establish legal protection for its unregistered trade dress, has the burden of proving secondary meaning by a preponderance of the evidence. *See Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 1578-79, 6 USPQ2d 1001, 1006 (Fed. Cir. 1988). Secondary meaning is a term of art which denotes that there is "an association formed in the minds of the consumers between the mark and the source or origin of the product." *Co-Rect Prods., Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1330, 228 USPQ 429, 432 (8th Cir. 1985)(citing *Truck Equip.*, 536 F.2d at 1219-20, 191 USPQ at 86-88). Such an association is proved by a variety of direct and circumstantial evidence. *See generally* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 15.10[3] (3d ed. 1992 and Release #1 1993). Secondary meaning must be shown to have existed prior to the date on which the accused infringer commenced using a confusingly similar trade dress. *Co-Rect Prods.*, 780 F.2d at 1330, 228 USPQ at 432.

The following facts relevant to the issue of secondary meaning — as set forth in deposition testimony and uncontested documents — are either undisputed or represent Tone's version. Tone's container having the asserted trade dress was first sold in September of 1982; Sysco's allegedly infringing container was introduced in March of 1988. Thus, in order to prevail on the issue of secondary meaning, Tone

must prove that such meaning was acquired during the period between September of 1982 and March of 1988.

Tone's container has been sold in what is known as the institutional food service channel (e.g., restaurants, schools, and prisons); it has also been sold in membership wholesale clubs. Sysco sells only in the institutional food service channel. Thus the relevant consumers for secondary meaning purposes are buyers in the institutional food service channel, such as chefs and other high-volume institutional buyers.

It is undisputed that Tone has placed Tone spices in the Tone containers and has sold them to others (including Sysco) for private label resale. During the time period relevant to the secondary meaning inquiry (1982 to 1988), about ninety percent of sales of Tone spices in the institutional food service channel were made under approximately a hundred different private labels. The remaining ten percent of the sales in this channel were made under the Tone label.

Initially, the Tone containers containing spices sold under private labels did not bear any source indicia other than the distributor identified on the label. It is not clear from the record, however, whether the distributors were identified as distributors, and not as the manufacturing source of the spices. After about one or two years, Tone required that the private labelers display Tone's "Heart-Loc" and "Spice Advice" trademarks on the private label. Further, at about the same time, Tone required that the words "Tone Brothers" appear on the portion of the private label that was on the back side of the container, and an imprint of the Tone leaf symbol was displayed on the bottom of the container. Finally, after January 1985, when the design patent issued, the Tone container displayed the patent number on the bottom.

Tone representatives attended food shows during the relevant time period and incurred travel expenses to do so. Tone representatives also travelled to meet with distributors. In 1987, print advertisements featured the Tone container. The evidence of sales expenses in connection with the Tone container consists of lump sums for each year.

Tone's total sales receipts in the food service channel increased steadily from 1983 to 1987. Receipts for 1988 and 1989 show a decline. Tone's total sales receipts involving the Tone container in all channels show a steady increase through 1987, with receipts increasing less in 1988 and 1989.

The Tone container, which was introduced to the market in September of 1982, was the first in the food service channel to be made of clear plastic, rather than the traditional tin or opaque plastic. Competitors have since developed similar containers. Sysco began developing its clear plastic spice container in 1985. The Sysco designers had before them the Tone container and the containers used by Tone's competitors.

Upon this evidence, the district court held, as a matter of law, that Tone had failed to establish that its container had acquired a secondary meaning. 23 USPQ 2d at 1193. The court stated that Tone had offered no direct evidence in the summary judgment record of consumer association between the Tone container and a single source, such as affidavits or depositions of consumers, surveys or statistical evidence, or admissible evidence of unsolicited consumer responses or testimonials. *Id.* at 1189. Further, the court was persuaded by the evidence and case law regarding private labeling to conclude that Tone had created a situation where the consumer could not possibly have associated Tone as the sole source of the spices by reason of the container's shape and appearance.

Id. at 1191. Finally, the court dismissed Tone's proffered circumstantial evidence — advertising, volume of sales in Tone's container, and intentional copying — because "the volume and extent of the private labeling arrangements vitiate the inferences which ordinarily arise from indirect evidence usually relied upon to support consumer association." *Id.* at 1192.

Tone argues that the district court erred in summarily holding that Tone had failed to prove secondary meaning because there are genuine issues of material fact for trial. In that regard, Tone points to a consumer survey, relied upon by Tone, but not mentioned in the district court's opinion, wherein thirty-seven percent of the survey respondents associated an unlabeled Tone container with a single, albeit anonymous, source. Tone also argues that the court improperly created a *per se* rule that where there is a private labeling, secondary meaning cannot be shown. We agree with Tone that genuine issues of material fact made summary judgment inappropriate. Further, although we disagree with Tone's characterization of the district court's treatment of the private labeling issue as a *per se* rule, we agree that the district court gave too much weight to the evidence of private labeling in this case.

The direct evidence on which Tone relies, and which was not addressed by the district court, is a marketing study conducted by the Gelb consulting Group, Inc. — the Gelb study. Although the Gelb study was prepared for Sysco and purports to reach the ultimate conclusion that Tone's container lacked secondary meaning, Tone contends that the survey directly supports the opposite conclusion — that secondary meaning existed. Tone notified the district court that its expert would testify as to how the survey supported the existence of secondary meaning.

The Gelb study states that its objective was "[t]o determine whether U.S. food service executives perceive a secondary meaning to one-pound plastic spice containers, particularly the Tone Brothers container." The Gelb study documented a survey that was conducted in a manner similar to that approved in *In re Jockey International, Inc.*, 192 USPQ 579, 581 (TTAB 1976). In *Jockey*, the Trademark Trial and Appeal Board suggested that the appropriate approach in a trade dress survey on secondary meaning is to first ask whether the respondent associates the trade dress with a specific brand or company, and, if so, to then ask the respondent to name the company or brand. *Id.; see also Textron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019, 1023, 224 USPQ 625, 627-28 (Fed. Cir. 1985).

In the Gelb study, the respondents (chefs and institutional spice purchasers) were shown the Tone container without labeling. After a series of introductory questions, the respondents were asked a first question:

> Let's suppose you were shipped spices in this container without a label. Would you know by its shape if the spices came from a single manufacturer, or would spices in a container with this shape come from different manufacturers?

Those who answered that they thought the spices came from a single manufacturer were then asked a second question:

> Which one manufacturer would spices in this container have come from?

In response to the first question, thirty-seven percent of the respondents answered that they identified the unlabeled Tone

container with a single manufacturer. However, in response to the second question, the respondents identified a total of twenty different sources as the single source. The single source most named was McCormick, by nine percent of the total sample. Tone, as the single source, was named by only two percent. The remainder were Sysco, three percent, Kraft and Schreiber, two percent each; all others (fifteen different sources), twelve percent; and do not know, seven percent.

Tone, relying on the anonymous source rule, contends that the answers to the first question evidence a consumer association between Tone's container and a single, albeit anonymous, source, which is all that is necessary to establish secondary meaning. [11] We agree.

The anonymous source rule is directed to the situation where a typical buyer would not know the corporate identity of the source. *See In re Polar Music Int'l AB*, 714 F.2d 1567, 1571-72, 221 USPQ 315, 317-18 (Fed. Cir. 1983); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 155, 136 USPQ 508, 513-14 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963); *Kampgrounds of America, Inc. v. North Delaware A-OK Campground, Inc.*, 415 F. Supp. 1288, 1293, 190 USPQ 437, 441 (D. Del. 1976), *aff'd without op.*, 556 F.2d 566 (3d Cir. 1977). The *Fleischmann Distilling* case is illustrative of the principles behind the anonymous source

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[11] The anonymous source rule states that a consumer need not know the identity of the single source, and that all that is necessary to establish secondary meaning is that the consumer associate the trade dress with a single, albeit anonymous, source. *See* 15 U.S.C. § 1127 (1988); *In re Polar Music Int'l AB*, 714 F.2d 1567, 1571-72, 221 USPQ 315, 317-18 (Fed. Cir. 1983). In other words, all that is necessary is that the consumer believe that the trade dress denotes a "single thing coming from a single source." *Co-Rect Prods.*, 780 F.2d at 1330, 228 USPQ at 432.

rule. In that case, the Ninth Circuit stated of the "Black & White" trademark for Scotch whiskey:

> Of course there may not be one in a hundred buyers of this whiskey who knows that it is made by Buchanan or wholesaled by Fleischmann. Probably all that such buyers know is that Black & White Scotch whiskey has satisfied them in the past or that they have heard of it and the average purchaser would no doubt select for the use of his guests something with which he was familiar and thus purchase Black & White Whiskey.

314 F.2d at 155, 136 USPQ at 513. We think it possible that the same could be said of Tone's alleged trade dress, and Tone has argued as such. The theory is that even though chefs and other relevant buyers do not know that it is Tone who manufacturers the spices sold in the container having a familiar shape and appearance, they have purchased spices in such containers in the past and will rely on the shape and appearance of the container to purchase spices in the future. In this light, we hold that, in relying on the Gelb study, in addition to other circumstantial evidence on the issue of secondary meaning (e.g., advertising, the amount of spices sold in Tone's container, and intentional copying), Tone has raised a genuine issue of material fact — whether there is an association in the mind of the consumer between the container's shape and appearance and an indication of source for the spices contained therein, as a separate indication from that of the private labels. *See Co-Rect Prods.*, 780 F.2d at 1333 n.9, 228 USPQ at 434 n.9 ("Consumer surveys are recognized by several circuits as the most direct and persuasive evidence of secondary meaning.").

Sysco maintains that the responses to the survey's second question undermine any possible inference that buyers associated Tone's container with a single source. In this regard, Sysco argues that the Gelb study shows that the only "source" with which there was an association was several *different* sources, not a *single* anonymous source. Tone attempts to explain this apparent conflict between the two responses. First, Tone explains that Sysco, in an authorized manner, had used the Tone container for several years, before changing to the accused container of this action. This explanation seems to weigh against Tone's position, however, as it suggests that the private labels incorrectly indicated to the public that the distributor identified on the label was the manufacturing source. Next, Tone explains that there are survey reliability problems with asking respondents to answer questions off the top of their heads.

We take no position as to the inferences which can be drawn from the data contained in the Gelb study. We only note that several inferences seem plausible, some of which support Tone's position on the secondary meaning issue. These factual issues need to be addressed on remand after hearing from Tone's proffered expert.

Further, contrary to what was found by the district court, we do not think that Tone's extensive private labeling arrangements necessarily make it impossible for Tone to establish an association in the mind of the relevant consumer between the container's shape and appearance and a single manufacturing source. We emphasize that the focus of the secondary meaning inquiry in this case is whether the relevant consumer attached significance to the *shape and appearance of the container as an indicator of the manufacturing source*. The private labeling evidence is nevertheless relevant to the secondary meaning inquiry in that Tone may have mistakenly

caused the relevant consumer to place reliance on the private label as an indicator of the manufacturer of the spices. In this regard, we note that it is unclear from the record whether the distributors were identified *as distributors* on the private label. Further, evidence in the record seems to support the notion of misplaced reliance, as Tone's president acknowledged that private label names make an impression on the relevant consumers.

On the other hand, the evidence of record does not necessarily lead to the conclusion that the shape and appearance of the container did not come to serve as an indicator of the manufacturer of the spices despite the private labeling. Tone's president testified that he believed that the significance of the private labeling on the consumer was separate from the impressions created by the shape and appearance of the container. Tone's president also testified that a certain private labeler had told him that consumers know that the company identified on the private label is not the manufacturer of the spices. This testimony, although hearsay, tends to support the conclusion that the relevant consumer would not think that the company identified on the private label was the manufacturer of the spices, and instead may attach significance as to the manufacturing source to the container itself. In sum, and particularly in relation to the existence of private labeling, we hold that a genuine issue of material fact exists — whether the relevant consumers associated the shape and appearance of the container with a single albeit anonymous manufacturing source despite the extensive private labeling.

Finally, Tone's failure to offer an affidavit from a relevant consumer addressing whether Tone's container indicated a manufacturing source does not fatally undermine Tone's position. To begin with, testimony of random buyers

is often subject to suggestion and bias, especially if associated with one of the parties. *See Premier-Pabst Corp. v. Elm City Brewing Co.*, 9 F. Supp. 754, 760 (D. Conn. 1935). Further, Tone indicated to the district court its intended reliance on the Gelb study, advertising, the amount of spices sold in Tone's container, and intentional copying, in order to prove the significance which consumers attach to the size and appearance of the container. In this regard, we note that a finding of secondary meaning can be sustained on purely circumstantial evidence. *See Yamaha Int'l*, 840 F.2d at 1583, 6 USPQ2d at 1010 (sustaining a finding of secondary meaning in a guitar head design based essentially on use of the design in advertising and promotion in conjunction with other circumstantial factors). Therefore, we conclude that the evidence proffered thus far by Tone is sufficient to raise a genuine issue of material fact on the issue of secondary meaning.

Accordingly, we reverse the district court's holding that there is no genuine issue of material fact in connection with the issue of secondary meaning.

B. Inherent Distinctiveness

In *Two Pesos*, the Supreme Court explained that in determining inherent distinctiveness of trade dress, categories of generally increasing distinctiveness can be employed; that is, the trade dress can be categorized as either (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful. 112 S. Ct. at 2757, 23 USPQ2d at 1083. The latter three categories are deemed inherently distinctive. *Id.* In addition, one of our predecessor courts, the Court of Customs and Patent Appeals, set forth several factors to consider in determining whether or not a design is inherently distinctive,

including whether the design is a "common" basic shape, whether it is unique or unusual in a particular field, whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods, and whether it is capable of creating a commercial impression distinct from the accompanying words. *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344, 196 USPQ 289, 291 (CCPA 1977).

Although the district court concluded that inherent distinctiveness in the absence of proof of secondary meaning is not sufficient for protectable trade dress, [12] it nevertheless addressed the inherent distinctiveness issue. The district court held: "The evidence is insufficient to establish that the Tone container is inherently distinctive. There is nothing about the bottle itself which connects it either with spices generally or with Tone, in particular." 23 USPQ2d at 1192.

We agree with Tone that the district court's analysis on this question confuses the issues of inherent distinctiveness and secondary meaning. To be inherently distinctive trade dress need not, as the district court implies, have an inherent

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[12] The district court, whose decision was entered on March 17, 1992, did not have the benefit of the June 26, 1992 *Two Pesos* decision before it. The Eighth Circuit, prior to *Two Pesos*, appears to have followed the traditional common law rule that secondary meaning was required for trade dress to be protectable. *See Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247, 15 USPQ2d 1053, 1055 (8th Cir. 1990). Nevertheless, the law as enunciated in *Two Pesos* that inherently distinctive trade dress is protectable even if secondary meaning is not established must be followed in this case. *Braun Inc. v. Dynamics Corp. of America*, 975 F.2d 815, 825-26, 24 USPQ2d 1121, 1130 (Fed. Cir. 1992); *see also Salaam v. Lockhart*, 856 F.2d 1120, 1123 (8th Cir. 1988) (remand of 42 U.S.C. § 1983 claim warranted when intervening decision by the Supreme Court alters applicable First Amendment law).

association with the product, or with the owner of the alleged trade dress. Indeed, were it the case that the Tone container is of such a design that it is connected with spices generally, that fact would actually weigh against a finding of inherent distinctiveness, as opposed to descriptiveness. *See Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 609, 228 USPQ 519, 521 (7th Cir. 1986) ("To allow a firm to use as a trademark a generic word, or a descriptive word still understood by the consuming public to describe, would make it difficult for competitors to market their own brands of the same product."). Thus, the focus of the inquiry is whether or not the trade dress is of such a design that a buyer will immediately rely on it to differentiate the product from those of competing manufacturers; if so, it is inherently distinctive. *See Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 582-84 27 USPQ2d 1189, 1192-93 (2d Cir. 1993).

In addition, there are genuine issues of material fact in dispute in connection with this issue. Viewing the evidence in a light most favorable to Tone, there is evidence on the basis of which a reasonable finder of fact could find inherent distinctiveness. We note that there appears to be no dispute that the Tone container was the first of its kind in the food service channel. *See* 23 USPQ2d at 1189. Supporting this fact is the testimony of a third party spice distributor who stated that he had never seen a transparent spice container in the food service channel before he saw Tone's container, nor had he seen the particular shape of Tone's container before. James Degen, who conducted the study of Tone's container, also testified that Tone was the first to use a transparent container. Finally, it appears that one of Tone's competitors — McCormick — recognized that Tone was the first to come out with a transparent container. Such evidence, we think,

raises issues of material fact regarding the inherent distinctiveness of Tone's container design.

Sysco argues that Tone's use of private labeling destroys all trade dress rights, regardless of whether those rights arose because of inherent distinctiveness or secondary meaning. Tone maintains that its private labeling is only relevant to the secondary meaning inquiry — discussed above. The cases cited by Sysco do not support the proposition it advances. *Seabrook Foods*, 568 F.2d at 1345, 196 USPQ at 291, and *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1537 (11th Cir. 1986), discuss third party uses of prior, similar trademarks; they do not address private labeling. We do agree with Sysco that the inherent distinctiveness of a trade dress depends on what other types of trade dress were being used in the particular field prior to the introduction of the trade dress at issue. However, this does not mean that the distinctiveness of Tone's container must be measured against itself, simply because private labels have been affixed to the container since its introduction on the market. [13] Rather, the issue of whether private labeling renders inherently distinctive trade dress non-protectable is more properly analyzed by determining whether the private labeling renders

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[13] The other cases upon which Sysco relies do not relate the existence of private labeling to the issue of inherent distinctiveness. Rather, they are cases where private labeling was addressed only in relation to the issue of secondary meaning. *See J. R. Clark Co. v. Murray Metal Prods. Co.*, 219 F.2d 313, 320, 104 USPQ 224, 229-30 (5th Cir. 1955); *Quaker State Oil Refining Corp. v. Quaker Oil Corp.*, 453 F.2d 1296, 1299, 172 USPQ 361, 363-64 (CCPA 1972); *In re Hillerich & Bradsby Co.*, 204 F.2d 287, 291, 97 USPQ 451, 454 (CCPA 1953); *Zin-Plas Corp. v. Plumbing Quality Agf. Co.*, 622 F. Supp. 415, 418, 227 USPQ 310, 312 (W.D. Mich. 1985); *R. M. Smith, Inc. v. Collins Ltd.*, 219 USPQ 465, 470 (W.D. Pa. 1983), *aff'd without op.*, 729 F.2d 1449 (3d Cir. 1984).

an inherently distinctive trade dress incapable of serving as an indicator of origin. *See Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1061-62, 225 USPQ 797, 802-03 (2d Cir.), *cert denied*, 474 U.S. 844 (1985). The parties have not briefed this issue, and we think that genuine issues of material fact exist as to whether Tone's trade dress, assuming it is proved to be inherently distinctive, is still capable of serving the trademark function of indicating origin despite the private labeling.

CONCLUSION

As far as the claim of design patent infringement is concerned, we reverse the grant of summary judgment on the issue of design patent validity. As far as the Lanham Act claim is concerned, we reverse the grant of summary judgment on the issues of secondary meaning and inherent distinctiveness. We thus vacate the judgment in favor of Sysco and remand for further proceedings consistent with this opinion. [14]

COSTS

Each side shall bear its own costs.

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[14] In light of our decision on the merits of this appeal, we need not address Sysco's appeal of the district court's denial of Sysco's claim for attorney fees under 15 U.S.C. § 1117 and 35 U.S.C. § 285, and we deny Sysco's claim for its attorney fees in connection with this appeal.

VACATED AND REMANDED WITH INSTRUCTIONS

APPENDIX C

United States Court of Appeals for the Federal Circuit

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by CROSS-APPELLANT, and a response thereto having been invited by the court and filed by the APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on September 22, 1994.

Chief Judge ARCHER and Circuit Judge NIES would rehear the appeal in banc.

FOR THE COURT,
FRANCIS X. GINDHART,
CLERK

Dated: September 15, 1994

By: Diane M. Frye
Chief Deputy Clerk

cc: EDMUND J. SEASE
STEVE ROSENBLATT

TONE BROTHERS INC V SYSCO CORP, 92-1347
(DCT - 4-90-60011)

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Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

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No. 94-1055

Supreme Court, U.S.
FILED
FEB 24 1995
OFFICE OF THE CLERK

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1994

SYSCO CORPORATION,

Petitioner,

VS.

TONE BROTHERS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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RESPONDENT'S BRIEF IN OPPOSITION

STATEMENT OF THE CASE

INTRODUCTION

Petitioner, Sysco Corporation ("Petitioner"), seeks to have this Court review the sound decision of the Court of Appeals for the Federal Circuit ("Federal Circuit") which vacated and remanded with instructions the judgment of the United States District Court for the Southern District of Iowa ("District Court"). The District Court erroneously granted Sysco's motion for summary judgment against

Respondent, Tone Brothers, Inc.[1] ("Respondent") on two counts: (1) dismissing Respondent's claim for patent infringement after finding that Respondent's design patent was invalid under the public use bar of 35 U.S.C.A. § 102(b) (West 1984); and dismissing Respondent's claim for trade dress infringement after finding that Respondent's trade dress was unprotectable under § 43(a) of the Lanham Act, 15 U.S.C.A. § 1125(a) (West Supp. 1994). In reaching its decision the Federal Circuit concluded that on the record before it, with respect to both the issue of the validity of Respondent's design patent and the protectability of its trade dress, there were genuine material issues of fact which were in dispute and which made summary judgment inappropriate.

Petitioner presents the following two questions:

> (1) Did the Federal Circuit, in vacating and remanding the District Court's grant of summary judgment, create a conflict with its own design patent precedent and the policy of the United States Patent and Trademark Office ("PTO") regarding design patents (Petition, p. 8); and (2) Does the Federal Circuit's decision create a conflict with the trade dress law in the Eighth Circuit and the potential for "anomalous consequences" under this Court's recent decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, *reh'g denied*, 113 S. Ct. 20 (1992) (Petition, p. 15).

Respondent respectfully requests that this Court deny Sysco's Petition for Writ of Certiorari and thus allow to stand the Federal Circuit's remand of this case to the District Court where the material factual issues may be properly resolved, in order that the validity of Respondent's

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[1] The present parent corporation of Tone Brothers, Inc. is Burns Philp Food Inc., a California corporation, with a principal place of business at 222 Sutter Street, San Francisco, California 94108.

design patent and the protectability of its trade dress may be determined. As recognized by the Federal Circuit, these are issues more suitable for determination by the District Court than either the Federal Circuit or this Court. The Federal Circuit's opinion is reported at *Tone Brothers, Inc. v. Sysco Corp.*, 28 F.3d 1192 (1994).

REASONS WHY THE PETITION SHOULD BE DENIED

Rule 10.1 of the Supreme Court Rules makes it abundantly clear that review by this Court is not a matter of right, but rather is granted within the sound discretion of this Court and *only* when there are "special and important reasons" to do so. *Texas v. Jimmy Lloyd Mead*, 465 U.S. 1041 (1984); *United States v. Johnston*, 268 U.S. 220 (1925); *see generally* Robert L. Stern *et al.*, *Supreme Court Practice* § 4.14 (7th ed. 1993). Thus, it places a heavy burden upon the Petitioner for a writ of certiorari to come forth with compelling reasons for this Court to invoke its discretionary jurisdiction. It is simply not enough that the Petitioner does not like the decision of the Federal Circuit.

Here, Petitioner has artfully attempted to fit this case into one of the few categories outlined in Rule 10.1 where the Court may intervene. However, for reasons to be subsequently addressed, this case is *not* appropriate at this time for intervention at this level. This case does not present any unsettled issue requiring resolution by this Court; even if it did, this case has not advanced to a stage to allow for meaningful and efficient review by this Court. The case has simply been remanded to the trial court for resolution of certain specifically identified questions of material fact.

The present dispute is a conventional design patent infringement and trade dress case which involves no unsettled questions of law. It is merely a case in which the Federal Circuit identified questions of material fact which bear on

the validity of the design patent and the protectability of the trade dress. These factual determinations were thought by the Federal Circuit to be more appropriately made by the District Court than by the appellate court and *before* any determinations on liability and the like could be made. In vacating and remanding the case to the District Court, the Federal Circuit was careful to clarify the applicable law relating to the following two key issues in the case for the purpose of remand: (1) the applicability of the experimental use exception to the public use defense to the validity of a design patent; and (2) the appropriate legal basis for determining if a particular trade dress is protectable. Thus, the questions and arguments framed by Petitioner present no new or unsettled issue of general importance appropriate for this Court. Further, it identifies no conflict between the analysis of the Federal Circuit and any of its own precedent or the precedent in any other circuit, including the Eighth Circuit. According, Petitioner's request for review should be denied.

ANY REVIEW BY THIS COURT SHOULD BE OF A COMPLETE RECORD

In reversing the District Court's grant of summary judgment on the patent and trade dress issues, the Federal Circuit made it explicit that it was doing so because there were "genuine issues of material fact in dispute" which made summary judgment inappropriate. *Tone*, 28 F.3d at 1195. The District Court was thus instructed to again consider the case and to complete the factual record consistent with the Federal Circuit's directions.

On the patent question, the court remanded the case to the District Court to specifically determine whether the use made of Respondent's design more than a year before Respondent applied to patent that design qualified as a bona fide experimental use, negating what would otherwise be

considered a public use within the meaning of § 102(b). *Tone*, 28 F.2d at 1200. On this issue, the Federal Circuit referred to its earlier decision in *TP Laboratories, Inc. v. Professional Positioners, Inc.*, 724 F.2d 965, 971-972 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 826 (1984) to instruct the District Court on the factual determinations which must be made before deciding the issue of experimental use, and finally that of public use under § 102(b).

On the trade dress issue, the Federal Circuit found that the record before it was deficient as there had been no determination made whether Respondent's trade dress was inherently distinctive and whether private labeling renders an inherently distinctive trade dress incapable of serving as an indicator of origin and thus non-protectable. *Tone*, 28 F.3d at 1206-07. The court noted that inasmuch as the parties had yet to brief this latter issue concerning the impact of private labeling on an otherwise inherently distinctive trade dress, there remained genuine issues of material fact. The District Court was instructed to resolve these facts in order to complete the record on the issues of secondary meaning and inherent distinctiveness of a trade dress before deciding the ultimate trade dress issue. *Tone*, 28 F.3d at 1207.

Therefore, given the present state of the record in this case, this Court should decline to enter this dispute at this stage and allow the District Court to complete the record as instructed by the Federal Circuit. Once the District Court has resolved the factual questions of experimental use of a patented design and the secondary meaning and inherent distinctiveness of a trade dress, this Court, if later called upon, may make an efficient review of the only type of record it should consider — a complete record.

THE FEDERAL CIRCUIT'S DECISION IS NOT IN CONFLICT WITH ITS OWN PRECEDENT OR WITH THE PTO POLICY

Contrary to Petitioner's assertion, the Federal Circuit's decision does *not* create any conflict with that court's own precedent as it relates to design patents. If anything, its decision *decreases* or eliminates any uncertainty in this area by clarifying the application of experimentation to the public use defense to the validity of design patents. In its decision the Federal Circuit, while explicitly acknowledging that the present case involved an issue not previously addressed by it, was careful to discuss why its analysis and decision in this case was *not inconsistent* with its own prior leading precedent (*In re Mann*, 861 F.2d 1581 (Fed. Cir. 1988)) on the issue of the experimental use exception. The court specifically noted that *Mann* involved issues that were different from those that must be addressed in the present case. *Tone*, 28 F.3d at 1199. In acknowledging these differences, the court carefully framed the issue of first impression with which it was confronted in this case, *i.e.*, whether experimentation involving the functional aspects of a product to which a design patent relates can be a non-public use. *Tone*, 28 F.3d at 1199-1200. The Federal Circuit's analysis also explicitly acknowledged and incorporated the public policy behind the experimental use exception as set forth in the court's own prior cases. *Id.*

In light of this detailed analysis of both law and fact, any argument that the Federal Circuit's decision is inconsistent with its own precedent or creates *greater* uncertainty in this area is unfounded. Moreover, taking into account the Federal Circuit's exclusive jurisdiction of appeals in patent cases (28 U.S.C.A. § 1295(a)(1)) (West 1993), there is simply no possibility at all for inconsistency with respect to decisions concerning design patent infringement from other circuits. Further, inasmuch as decisions of the PTO are also

subject to the review and determination by the Federal Circuit, there is no inconsistency or conflict created by this decision with any prior rulings or policy of this body either.

Only one specific argument made by Petitioner relating to this basis for this Court's intervention begs a further response. Petitioner has argued that:

> [t]he doctrine of experimental use cannot apply to unclaimed functional features of a design because, by definition, "experiments" directed to any such functional features are not directed to an invention *claimed* in a design patent. *In re Brigance*, 792 F.2d 1103 (Fed. Cir. 1986).

Petition pp. 13-14.

However, the Federal Circuit explicitly rejected this analysis in its decision (also referencing the *Brigance* decision) addressing the same argument made by Petitioner on appeal to the Federal Circuit. In response to Petitioner's argument below, the court explained as follows:

> Thus, contrary to Sysco's [Petitioner's] suggestion, we do not think applicable to this case the settled law on *utility* patents that experimentation performed with respect to non-claimed features of the device cannot negate the effect of activities that would otherwise bar patentability under section 102(b) (citation omitted).

Tone, 28 F.3d at 1199, n 5 (emphasis added).

In light of the Federal Circuit's detailed, consistent and thorough resolution of the issues before it, Petitioner's first ground in support of its petition is without merit.

THE FEDERAL CIRCUIT'S DECISION IS NOT IN CONFLICT WITH THE TRADE DRESS LAW OF THE EIGHTH CIRCUIT; NOR DOES IT CREATE ANOMALOUS CONSEQUENCES UNDER THIS COURT'S RECENT *TWO PESOS* DECISION

As with Petitioner's first basis for requesting intervention by this Court, Petitioner's second basis for intervention is equally without merit. The decision below does not conflict with the trade dress law of any circuit, including the Eighth Circuit. Nor is the possibility created for any anomalous consequences under this Court's recent decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, *reh'g denied*, 113 S. Ct. 20 (1992).

Inasmuch as the Federal Circuit explicitly acknowledged that it must (as it did) defer to the law of the Eighth Circuit and the relevant decisions of this Court to resolve questions concerning trade dress claims, there is no inconsistent result to be had. *Tone*, 28 F.3d at 1200-1201. Having acknowledged the state of the law at the time of its opinion, including this Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, the District Court is now provided the guidance necessary to move forward with determining whether Respondent's trade dress is protectable.[2] Accordingly, there is no conflict whatsoever. Nor is there any question concerning the applicable law.

Petitioner's reference to a further 1994 decision of the Eighth Circuit, *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th. Cir. 1994), relating to determinations of secondary meaning in no way indicates any conflict between the

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[2] This Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.* was rendered after the District Court granted Petitioner's motion for summary judgment but before the Federal Circuit rendered its decision below.

circuits raised by the Federal Circuit's decision.[3] The District Court, as it should, will on remand apply the law of the Eighth Circuit (including *Aromatique*) and the law of this Court (including the *Two Pesos* decision). With this approach there will be no inconsistent result and, if such a result is created, it can and will be timely addressed by the appellate process in due course.

Though the issue does not necessarily flow from Petitioner's first two points, Petitioner does make one additional plea for intervention by this Court which should be addressed. Petitioner asserts that the Federal Circuit's analysis raises the possibility that Respondent's bottle design may be protectable by both a design patent and Lanham Act § 43(a) trade dress. Petitioner fears that this scenario creates the possibility that protection for Respondent's bottle design might extend past the normal expiration date of its patent protection, a result described by Petitioner as "anomalous." Though this question is an interesting one, it is hardly ripe for determination by this Court.

Petitioner's argument must fail in light of what was (and what was not) actually decided by the Federal Circuit. Based on its analysis of Eighth Circuit law and the *Two Pesos* case, the Federal Circuit found, on the facts before the District Court, that the District Court's *summary* determination that there was no issue of material fact relating to secondary meaning was improper. The Federal Circuit further found that the District Court had confused the issue of inherent distinctiveness with secondary meaning, *Tone*, 28 F.3d 1206, and that the law of the *Two Pesos* case (which

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[3] Even though the Eighth Circuit's decision in *Aromatique, Inc. v. Gold Seal, Inc.* was decided one day (July 6, 1994) before the Federal Circuit decided the present case, the Court's decision on rehearing came five (5) days (September 20, 1994) after the Federal Circuit's decision on rehearing and was thus not considered below.

had not been decided at the time the District Court rendered its decision) applied.

Finally, the Federal Circuit noted that there was still a question as to whether the private labeling which had occurred, even if the bottle shape was inherently distinctive, rendered the trade dress incapable of serving the trademark function as an indicator of origin. *Tone*, 28 F.3d 1206-1207. Under these circumstances there has been no decision of any court below which even begins to raise the question which Petitioner now suggests this Court take up, concerning the propriety of both trade dress and design patent protection for a given device, and the length of time such protections should apply.

CONCLUSION

For the foregoing reasons, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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No. 94-1055

IN THE
Supreme Court of the United States
OCTOBER TERM, 1994

SYSCO CORPORATION,

Petitioner,

v.

TONE BROTHERS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITIONER'S REPLY MEMORANDUM

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ON PETITION FOR A WRIT OF CERTIORARI
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PETITIONER'S REPLY MEMORANDUM

The respondent's primary argument against the granting of certiorari is that it is premature for this Court now to consider the issues presented by the petition because "[t]he case has simply been remanded to the trial court for resolution of certain specifically identified questions of material fact." Br. in Opp. 3. This assertion distorts the decision of the Federal Circuit, which squarely decided, as a matter of law, that "experimentation involving the functional aspects of a product to which a design patent relates can be a non-public use." Pet. App. 40a. The

Federal Circuit claimed that "none of our cases have [*sic*] addressed the issue," and it explicitly held "today" that "experimentation directed to functional features of a product also containing an ornamental design may negate what otherwise would be considered a public use within the meaning of section 102(b)." *Id.*

In other words, the Federal Circuit panel itself recognized that its holding was more than a decision "simply" remanding a case for additional factual elaboration. The panel's determination that its ruling did not conflict with *In re Mann*, 861 F.2d 1581 (Fed. Cir. 1988), was not shared by the district court and apparently not by two of the most experienced judges on the Federal Circuit — both of whom voted to rehear this case *en banc*.

The Federal Circuit's opinion belies respondent's assertion that "[t]he present dispute is a conventional design patent infringement and trade dress case which involves no unsettled questions of law." Br. in Opp. 3. We have noted that the Federal Circuit acknowledged that it engaged in a pioneering judicial foray when it ruled on the "experimental use" question. And it also journeyed in previously uncharted waters when it concluded, notwithstanding the results of a consumer survey, that a trial had to be held to determine whether consumers believed that the spices in Tone's container came from a single source, rather than the 18 sources identified by consumers during the survey.

Respondent argues that since the court of appeals reversed the entry of summary judgment and remanded the case for the submission of more evidence, the issue we present should await "a complete record." Br. in Opp. 4-5. The record is, however, "complete" on the legal issues raised in the petition. The questions of law we have

presented for resolution by this Court do not require the expenditure of substantial additional resources of the lower courts and of lawyers.

Respondent seeks to have certiorari denied whenever a court of appeals reverses a district court's grant of summary judgment. In fact, this Court has reviewed cases presented in a parallel posture, and it has reversed the court of appeals' reversal of summary judgment. *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164 (1994), for example, was a case in which the district court had granted summary judgment on the ground that parody was "fair use" under the Copyright Act. The court of appeals had then reversed and sent the case back to the district court for trial. *Acuff-Rose Music, Inc. v. Campbell*, 972 F.2d 1429 (6th Cir. 1992). This Court granted certiorari before the trial court's remanded proceeding and reversed. It could have been said there — as respondent is arguing here — that this Court should wait until after the end of the trial following remand. But this Court sustained the petitioner's claim that the court of appeals' reversal and remand was wrong as a matter of law.

The *United States Reports* contain other cases in which this Court granted certiorari even after the court of appeals reversed a grant of summary judgment and remanded the case for trial. See, *e.g.*, *South Carolina v. Catawba Indian Tribe*, 476 U.S. 498 (1986); *Air France v. Saks*, 470 U.S. 392 (1985).

In this case, as well, there is no substance whatever to the contention that the Federal Circuit's decision should be immunized from review because the court of appeals contemplated some future action by the lower court. The issues now being presented to this Court do not depend on

facts to be established in any remanded proceedings. There is, therefore, no reason to delay review of the important and "interesting" (Br. in Opp. 9) issues raised by the petition.

Finally, we request again that the Solicitor General be invited to express the views of the United States. Since the United States Patent and Trademark Office prevailed in *In re Mann*, it should express its view on the effect of the ruling in this case on that established precedent.

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